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NEWS SUMMARY

GENERAL

Bessell defends Scott charade

The marathon cross-examination of Peter Bessell continued at Minehead yesterday with Sir David Napley, counsel for Jeremy Thorpe asking about the alleged "charade" by which a visa would be sought allowing Norman Scott to go to the U.S.

Mr. Bessell said he was prepared to go through with the charade because he believed that if it could be shown that the idea of getting rid of Mr. Scott was impractical then the scheme would be abandoned.

Mr. Bessell agreed with Sir David that, in 1971, the allegations of a homosexual relationship between Mr. Thorpe and Mr. Scott were known to Sir Frank Soskice, former Home Secretary, David Ennals, Social Services Secretary, Emlyn Hooson, Liberal MP, David Steel, Liberal leader and others.

Jeremy Thorpe and three others are charged with conspiracy to murder Mr. Scott. Mr. Thorpe is also charged with inciting David Holmes to murder Mr. Scott.

BBC writs over TV soccer deal

The BBC has taken out High Court writs against London Weekend Television and the Football League following the exclusive deal for soccer coverage signed between LWT and the League last week.

The BBC wants a ruling that LWT is bound by joint agreements between Independent Television, the BBC and the League. It also wants an injunction preventing the exclusive deal being put into effect. Back Page

Children ill

Thirty children and three teachers were overcome by fumes from a chemical works near Hope High School, Salford, Manchester. They were taken to hospital suffering from nausea.

Jets statement

The Prime Minister said he did not regard the question of whether or not Britain should sell Harrier jets to China as a particularly pressing problem. He made no direct reference to a letter from Soviet President Brezhnev warning against the sale. Page 3; Parliament, Page 13

BAOR backed

The new Commander of Britain's Army of the Rhine said the army had been unfairly attacked as being under strength and poorly equipped. General Sir William Scotter said it was time to "boast about what we have and what we can do."

Bodies flown in

The first 40 bodies from the mass suicide in Guyana arrived at Dover, Delaware, for indentification and burial. In Memphis, the lawyer Mark Lane—just back from a visit to Guyana—said 400 members of the People's Temple commune might still be roaming the bush.

Escorts again

British Ford Escorts beat off the combined challenge of most European manufacturers plus two from Japan to win the Lombard-RAC Rally for the seventh year in succession.

Briefly . . .

Merseyside policeman won £28,000 agreed damages when he sued the chief constable over injuries received in a police car accident.

British Airways is starting cheap excursion to Brussels from Birmingham, Manchester and Edinburgh. Page 8

Actor Albert Finney and his wife Anouk Aimee were divorced in London.

About 500 families were evacuated when a cyclone battered eastern Sri Lanka.

BUSINESS

Equities fall 2.6; gold gains $2

● **EQUITIES opened firm but declined later, mainly because of ICI's disappointing third-quarter figures. The FT Industrial Ordinary Share Index fell 2.6 to 476.0.**

● **GILTS drifted lower, particularly in shorts. The Government Securities Index was 0.11 down at 68.20.**

● **STERLING fell 10 points to $1.9455 in thin trading. Its trade-weighted index was unchanged at 62.3. The dollar finished above the day's lowest, but below the previous close at DM 1.9187½ (DM 1.9232½).**

● **GOLD rose $2 in London to**

$202¾. The New York market was closed.

● **WALL STREET was closed along with other U.S. markets for Thanksgiving Day.**

● **A DECISION on joining the European Monetary System will not be taken until the Commons has voted on it, the Prime Minister announced.** Back Page

● **LEADING underwriters of Lloyd's are investigating their liabilities in a complex series of claims, said to total over $100m, on computer insurances.** Back Page

● **GOVERNMENT has paid another £37.7m to stockholders of aircraft and shipbuilding companies as compensation for nationalisation, bringing the total so far to £151.15m.** Page 7

● **JAPANESE electronics companies had better production techniques and industrial relations in many ways, says a Thorn group union-management team.** Page 8 and Men and Matters, Page 18

● **NATIONAL GIROBANK will have to leave a large deposit with the Treasury to prevent unfair competitive advantage over private sector banks when the Banking Bill becomes law.** Page 13

● **PENSION FUNDS' investment power could reach a point at which the funds controlled the affairs of Britain's industry and economy, Sir Harold Wilson told the Builders Merchants Federation.** Page 9

● **SEA HARRIER orders from the Indian Navy could be worth £100m for British Aerospace.** Page 6

● **CHIEF EXECUTIVE John Craven of Credit Suisse First Boston, the London-based investment bank which conducts Eurobond issues for two foreign banks, has resigned.**

● **CRAFT UNIONS are making substantial pay claims for construction workers at the Sullom Voe oil terminal project in the Shetlands.** Page 12

● **JUNIOR DOCTORS have asked the Government for direct pay negotiations and an independent pay arbitration board.** Page 12

COMPANIES

● **HOUSE OF FRASER pre-tax profits for the third quarter rose to £6.88m from £6.74m.** Page 28 and Lex

● **ROTHMANS International pre-tax profits rose by £6m to £44m in the six months to September 30. It includes a £7.5m post-acquisition profits of Rothmans of Pall Mall Canada.** Page 29 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
S. Rhod. 2½pc '65-70	£57	+ 4
Brownlee	73½	+ 3½
Camrex	48	+ 5
Cullen's Stores	144	+ 4
Elliott (P'boro)	19	+ 3
Low (Wm.)	100	+ 4
Sabah Timber	82	+ 28
Sirdar	116	+ 4
Sotheby PB	343	+ 6
Stewart Plastics	178	+ 5
Suter Elec.	31½	+ 2
United Scientific	241	+ 9
Wagon Finance	42½	+ 2½
Wheeler's Restrnts.	355	+ 10
London and Sumatra	167	+ 10
Conzinc Riotinto	248	+ 8
De Beers Dfd.	350	+ 5
Haoma Gold	30	+ 4
Westfield Minerals	290	+ 26

FALLS		
Excheq. 9½pc '82	£89½	− ¼
Assod. News	182	− 6
Daily Mail A	353	− 10
French Kier	34½	− 2½
GUS A	298	− 4
Harrisons Crosfield	462	− 38
HK and Shanghai	239	− 16
House of Fraser	134	− 11
ICI	350	− 5
Jardine Matheson	172	− 12
Lucas Inds.	296	− 6
Mothercare	150	− 4
Parker Timber	124	− 4
Redland	154	− 4
Siebens (UK)	240	− 22

Callaghan to send personal envoy on Rhodesia mission

BY PHILIP RAWSTORNE

Mr. James Callaghan announced yesterday that he would send Mr. Cledwyn Hughes, former Commonwealth Secretary, as a personal emissary to southern Africa in a renewed bid to secure an all-party conference on Rhodesia.

Mr. Hughes, chairman of the Parliamentary Labour Party and a widely respected Commons figure, will leave early next week for a round of private talks with African leaders.

His task will be to assess the prospects for a conference in Britain in the New Year to negotiate a Rhodesian settlement.

Mr. Callaghan said that if the conference were possible he would be willing to preside at it.

The Prime Minister's surprise initiative won enthusiastic support from all sides of the Commons. Mrs. Margaret Thatcher, the Tory Leader, welcoming the move, said it could be crucial to the future of Rhodesia and the whole of southern Africa.

Mr. Callaghan's decision to send Mr. Hughes on his reconnaissance mission was taken after consultations with President Carter about the diplomatic stalemate and increasing violence in Rhodesia.

The Prime Minister told MPs yesterday that he had concluded that an attempt should be made to find out if there was a basis for calling a conference.

No preconditions would be imposed on attendance at the conference. He assured Mrs. Thatcher that any proposals that might emerge would be considered. "We shall not stick rigidly to our ideas."

Britain and the U.S. would, however, put their joint proposals for a settlement to the conference.

"It will in our opinion be most likely to succeed if we begin with the basic framework which we and the United States have identified in our earlier intensive discussions with all the parties."

Compromise

He stressed: "There would need to be a willingness to compromise by all those attending if an acceptable settlement is to be reached."

Mr. Hughes' talks should establish whether the public statements recently by various African leaders could be modified in private negotiations.

Mr. Hughes, who will be accompanied by Mr. Stephen Low, U.S. Ambassador to Zambia, and Sir Anthony Duff, Deputy Secretary at the Foreign Office, is to visit Rhodesia, the "front-line" African states, Nigeria and South Africa.

Mr. Callaghan told MPs he did not underestimate the difficulties of the mission. But he recalled that he had promised, when pressed by Mr. Francis Pym, Tory foreign affairs spokesman, earlier this month, that if the conditions seemed right he would make a personal effort to end the violence.

He had also received appeals for his personal intervention from Rhodesia.

But his decision is understood to have been based on the need for a new effort to break the diplomatic deadlock rather than on any encouraging developments in Rhodesia.

The Cabinet, after approving Mr. Callaghan's initiative yesterday, agreed on a Parliamentary inquiry into the Rhodesian sanctions-busting disclosed by the Bingham Report.

Mr. Michael Foot, Leader of the Commons, is to consult the other parties about the precise form of the inquiry in the next few days, and is expected to announce the Government's decision next week.

Tony Hawkins writes from Salisbury: The Rhodesian Transitional Government welcomed the announcement of the joint Anglo-U.S. delegation.

In recent weeks Mr. Ian Smith has several times criticised

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Miners claim 'realistic' 40% rise

By Philip Bassett, Labour Staff

LEADERS OF Britain's 260,000 miners formally put a claim to the National Coal Board yesterday for pay rises of up to 40 per cent, a four-day week and a return to their November settlement date.

Mr. Joe Gormley, president of the National Union of Mineworkers, dashed any Government hopes that the miners might take a softer line on pay.

He said: "We do not intend to allow the Coal Board to be bound by Government policy. Our objective is to get a realistic rate."

The union was acting in "a spirit of free collective negotiation."

The claim attemps to break the Government's rule that there should be 12 months between settlements. It seeks to bring forward the miners' anniversary date to November, leaving the agreement, due to start in March next year, only eight months to run.

Mr. Gormley made it clear that the demand for a four-day week was a central issue. He justified his claim that a reduction in hours worked need not cut coal output, by arguing that the union had found the average number of shifts worked per week was 3.7 in a five-day week.

Miners would be more ready to work their full quota of shifts if the number of working days was reduced to four. That would increase production and could increase employment prospects in the industry.

The Coal Board, however, estimates that absenteeism in the pits is running at about 17 per cent compared with the 26 per cent Mr. Gormley's figures imply.

The union will submit its claim for increased differentials

Continued on Back Page

Ford to hear of sanctions on Monday

BY RICHARD EVANS, LOBBY EDITOR

SIR TERENCE BECKETT, chairman of Ford UK, is to be called into the Department of Industry on Monday to be told of the range of sanctions the Government proposes to take against the company for breaching the pay policy.

Details of the sanctions will be published by Mr. Eric Varley, Industry Secretary, probably later on Monday or on Tuesday.

Yesterday Mr. James Callaghan, the Prime Minister, defended the Government's right to impose sanctions in the Commons. He gave a clear hint that they would involve suspension of purchases by the Government of all Ford products.

Mr. Callaghan stressed that there was no requirement on the Government to purchase the products of any particular company or group of companies. The Government would refrain from making such purchases where it thought it was in the best interests of combating inflation.

But the Prime Minister refused to be drawn on other details and would not confirm that a Ministerial decision had already been taken following Ford's 17 per cent pay settlement.

Privately Ministers make no attempt to hide the fact that sanctions must be levied after such a blatant breach of pay guidelines to preserve what remains of the battered 5 per cent policy.

Because of Ford's commercial strength and the long waiting list for its vehicles, sanctions will probably not have a great impact. They will be imposed by the Government largely as a propaganda exercise to discourage companies that might be more vulnerable from breaking the pay guideline.

Ford last year supplied 25,000 vehicles worth £100m to the whole of the public sector. The likelihood is that a purchasing ban would affect only central Government agencies and those account for only a small proportion of Ford's overall public sector sales.

Ministers will discourage nationalised industries and local authorities from buying Ford products, but they have no power to enforce this and there is no prospect of legislation being put through the Commons.

The other main element on the sanctions package is likely to be the strict vetting of any application for price increases made by Ford.

The dilemma facing Ministers was well illustrated in the Commons in an exchange between Mr. Callaghan and Mrs. Margaret Thatcher, the Conservative Leader, who underlined the unfairness of the arbitrary sanctions policy.

The Prime Minister admitted that profitable companies like Ford might be unfairly treated, but he maintained that the Government had an overriding duty to give priority to the national interest.

Mrs. Thatcher asked what a profitable company like Ford was to do when it could afford to pay a generous increase. Did the Government expect it to see its workforce strike for several weeks until it became a loss maker like BL?

● Britain's 40,000 seamen yesterday accepted an 8.75 per cent pay increase on base rates which the shipowners maintained was within the Government's 5 per cent pay guidelines.

Sanctions "illogical" Page 8

Investment in industry still up on last year

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

CAPITAL SPENDING by manufacturing industry over the past few months has been running at much more than a year ago although for this year as a whole, investment may fall slightly short of recent hopes.

That is shown by Department of Industry figures published yesterday, which also disclose that the industry's stocks of raw materials, work in progress and finished goods rose again between June and September, although more slowly than earlier this year.

Capital investment of manufacturing industry was £970m in the July-to-September quarter, at 1975 prices and seasonally adjusted: 1 per cent higher than the latest estimate for the previous three months.

In the first nine months of the year the volume of investment was £2.85bn, 8 per cent higher than in the same peirod last year.

However, an increase of about 10 per cent between the third and fourth quarters will be necessary if the total volume of investment for 1978 as a whole is to be up to the lower end of the expectations indicated in the most recent official investment intentions survey.

That indicated that the volume of investment this year should be 10 to 11 per cent higher than last year.

The official figures, however, understate what has been happening in much of industry, since they include the depressed iron and steel sector, where investment has been falling.

In its most recent intentions survey, the Confederation of British Industry estimated that private manufacturing investment, excluding iron and steel, would increase by 10 to 15 per cent this year and by 5 to 10 per cent in 1979, implying a rise of just less than 40 per cent in three years.

The Treasury, however, has taken a cautious view of the outlook for 1979 in its latest forecasts. It expects private investment in manufacturing to fall by 2½ per cent between the second halves of 1978 and 1979, although there should be a rise of 4 per cent between the calendar years as a whole.

The capital expenditure of the distributive and service industries, excluding shipping, in the third quarter was £1.16bn, also at 1975 prices. That was 1 per cent lower than the outcome for the previous three months, while over the first nine months of this year investment by those industries was about 11 per cent higher than in the same period of 1977 and a further rise is expected next year.

The upturn in the overall level of activity this year is shown by the £132m (1975 prices) rise in stocks held by manufacturers, wholesalers and retailers.

Stocks held by manufacturing industry increased by £69m in the three months to the end of September. It was the fourth successive quarterly increase, although stocks of materials and fuel have fallen for six successive quarters.

Times union 'will fight to end'

BY CHRISTIAN TYLER, LABOUR EDITOR

THE BATTLE over the future of the Times and the Sunday Times reached a new leve last night when the National Graphical Association declared it was ready to fight "to the bitter end" over the company's industrial relations and technology plans.

Times Newspapers has said it will suspend publication of its two main titles and its three supplements from next Thursday, unless all unions sign agreements by then.

Last night the NGA, which the company at all, made it clear that it saw the Times battle as encompassing the whole of Fleet Street.

A special conference of London region delegates pledged their moral and financial support for their Times colleagues.

After the meeting, Mr. Joe Wade, general secretary of the NGA, said: "We are prepared to fight this to the bitter end and to commit all our resources to it—and they are not inconsiderable."

He said that the battle was about two issues: the preconditions which the Times had set down, including the November 30 deadline, and the principle of the "single key stroke."

He said that, if his union conceded at the Times the principle that newspaper copy could be typed in by staff who were not printers, then other newspapers would very quickly follow suit. "They are waiting like vultures to pounce on us," he said

In preparation for the lockout, NGA members on other national newspapers are already organising a voluntary £5 a week levy. This could raise between £15,000 and £20,000 per week. Its purpose would be to supplement the £40-a-week strike pay.

NGA leaders will next week meet union officials in the Thomson Regional Newspapers group, which is associated with the Times, to ask them for support.

Last night's conference showed a determination on the part of the union not only to support colleagues at The Times but also to make the battle one of principle with national newspaper proprietors in general.

ICI third quarter profits fall

BY SUE CAMERON, CHEMICALS CORRESPONDENT

IMPERIAL CHEMICAL INDUSTRIES' third quarter pre-tax profits fell by £22m compared with the same period last year.

The company said exchange losses and a fall in sales in volume terms were the main reasons for its comparatively poor showing. Profitability had been affected by increased manpower costs, particularly in the U.K.

The figures brought ICI shares down by 8p to 356p, though they closed 5p down at 359p.

Pre-tax profits for the third quarter of this year stood at £83m, compared with £105m for the same period last year, and £139m for the second quarter of this year. Exchange losses were £22m against only £2m a year before, with the increase resulting mainly from the decline in the value of the dollar.

ICI said exchange losses accounted for nearly half the £56m drop in pre-tax profits between the second and third quarters of this year. Group sales were £1.125bn in the third quarter compared with £1.156bn for the second quarter and £1.136bn for the third quarter of last year.

The fall in sales in volume terms, ICI said, was mainly seasonal. But such problems as the shortage of skilled instrument artificers at its Wilton chemicals complex on Teesside had added to the fall. The shortage, plus an allied union dispute over retraining, forced the group to shut part of the Wilton plant at an estimated cost of £7m in lost sales.

The biggest drop in sales was in Western Europe where ICI, like other chemical concerns, has been hit by continuing problems of over-capacity and weak prices. On a more hopeful note, the company said that volume sales fell by about 4 per cent between the second and third quarters of this year while last year they fell by 7 or 8 per cent during the same period. The group is looking to a slight sales upturn during the final three months of this year in line with the rise seen in the last quarter of last year, although the benefits then were counteracted by weak prices.

On the wages front, ICI is hoping that pay rises and other increases in manpower costs will be offset by a general picking up in trading.

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FEATURES

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President Giscard is a keen backer of the EMS. **Robert Mauthner**, in Paris, explains why

Growing pains of a Euroreptile

"WHEN IN such a technical matter, things are being done for political reasons, that means there are no other reasons for doing it." That was the caustic remark made recently by a distinguished former high French finance official about France's decision to join the proposed European Monetary System. No doubt it is an over-simplification, as such aphorisms tend to be. But it contains more than a grain of truth.

There can be no doubt that political considerations have been the driving force behind President Giscard d'Estaing's enthusiasm for the new system. Ever since his election in 1974, the President has made progress towards European unification one of his main priorities. More than most European statesmen, he has been acutely conscious of the dangers for the whole European enterprise of inertia and *absence of long-term vision*.

If [illegible] initiatives are not taken from time to time, the European Community will founder in a quagmire of technical regulations governing the circumference of cauliflowers, and the size of the mesh of fishing nets. There comes a time when technical objections, however valid they *may appear to be to the experts*, must be over-ridden by the politicians, otherwise no real progress is possible.

[illegible], the former Finance Minister who is now the French Head of State, is fully aware of the traps contained in the EMS for an economy which is still in a state of convalescence. But the [illegible] frequently heard in French official circles is that the economic conditions will never be perfect for the creation of such an ambitious system and that the present time is more propitious for taking the plunge than it is likely to be for many years to come.

The moment is politically right for France because, following the general election last March in which the centre-right [illegible] won a comfortable [illegible], no further major [illegible] are due before the next presidential poll in 1981. The French Government has a much freer hand than normal to take important policy decisions which, in other circumstances, might have raised a storm of embarrassing political protests.

On the international level, President Giscard has found in Herr Helmut Schmidt, the West German Chancellor, a partner after his own heart. Not only have the two men struck up a close personal relationship, in spite of having to talk in English to each other, but their ideas about the future of Europe are very similar. Broadly speaking, both leaders believe in a confederal organisation of Europe, of which a close Franco-German partnership will be the foundation stone, and both are convinced that new initiatives are required to turn the customs union into a genuine European economic and monetary union.

President Giscard and Herr Schmidt, at least, have not forgotten that the creation of such an economic and monetary union by the end of this decade was set as a specific target by the European summit in Paris in 1972. Though the deadline clearly will not be respected, the French and the West Germans feel that the objective remains as valid as ever and that steps must be taken quickly to attain it in the longer run.

As far as M. Giscard d'Estaing is concerned, there is the additional political incentive of making his mark on the history of Europe while France is in the chair of the Community's Council of Ministers, which the French take over on January 1, 1979, for a six-month period.

During the French presidency, not only will the foundations of the EMS be laid, but the first direct elections to the European Parliament will be held. This will enable President Giscard to present himself, to domestic opinion at least, as the leading European statesman at a time *when he is almost certainly preparing to run for a second term.*

It would nevertheless be a mistake to believe that the French decision to join EMS, after having been obliged to leave the old European currency "snake" twice in 1974 and 1976, is entirely governed by political considerations.

The French have been much exercised about the disruptive effect on world trade of the sharp fluctuations of the dollar over the past year. Though the U.S. currency's slide, until the adoption of President Carter's package of economic measures, greatly reduced France's oil and other raw materials' import bill, it also weakened the franc against the Deutschemark. France, which does more than 50 per cent of its trade with its EEC partners and sends more than 17 per cent of its total exports to West Germany, has a real interest in greater currency stability in Europe.

President Giscard also feels, as he pointed out in his press conference earlier this week, that sufficient progress has been made towards restoring the health of the economy, to permit a close link between the franc and the Deutschemark. Not everyone would agree with him. Certainly, the trade balance will be in surplus this year, but it remains sensitive to a rise in oil and other raw material prices. The rate of inflation, expected to reach 10 per cent this year and, according to the latest OECD forecast, to drop by no more than 1 percentage point in 1979, is hardly conducive to a stable currency.

The official French reply to this argument is, first, that the old "snake" managed to operate satisfactorily in spite of sharp differences between the inflation rates of some of its participants. And secondly, that trends are now in the right direction. However slowly, the French rate of inflation is coming down, while German prices are likely to rise more rapidly as the expansion of the economy gathers pace. Moreover, it is pointed out with less than total conviction, the EMS is a different animal from the old reptile. It will ensure corrective action not only by countries with weak currencies, but also by those with strong currencies, if they diverge too much from the average rate of Community currencies, the so-called "basket."

The French also look upon the EMS as imposing additional disciplines on the French economy, which can be presented as such to public opinion, rather like the International Monetary Fund demands were in Britain. But how realistic is this view given the political context in which the disciplines have to be applied?

Prime Minister Raymond Barre's policies have already administered a strong dose of austerity to the economy with little effect on inflation, while pushing the number of unemployed up to a post-war record of 1.3m. The unions, who have been forced to accept a virtual freeze of their members' purchasing power over the last two years, are becoming increasingly restive, as the frequent strikes over the past few weeks have shown. In about a year's time, President Giscard will be obliged to start thinking seriously about his election campaign. In these circumstances, is it politically feasible for the government to give the economy another shot of deflation, given that prices will still be rising too rapidly throughout next year?

President Giscard probably realises that he is taking a big risk, but feels it is worth taking *in the interests of European* unity and independence. If EMS succeeds, he will be a hero. If it fails, and France has to bow out for the third time, his authority will be seriously undermined.

W. Germany's 'wise men' urge caution

THE PROPOSED European Monetary System (EMS) would have a greater chance of succeeding if it were launched with a relatively small number of member states, and enlarged only gradually thereafter, the West German Government was told yesterday by its independent Council of Economic Advisers, generally known as the "Five Wise Men," writes Adrian Dicks in Bonn.

In their annual report, the five wise men leave no doubt of their support for the principle of the EMS and for its ultimate goal of a common European currency. But they also stress heavily the risks which an imperfect system would carry for German monetary control, as well as the problems of bringing about a convergence of inflation rates in the member countries.

"The more members there are in the beginning, the higher will be both the average and the spread of inflation rates for the whole group, and the further, therefore, the distance which the countries with the highest inflation rates will have to come down in order to approach monetary stability.

"If, on the other hand, only a few of the countries now outside the snake join the new system, the greater is the chance that there can be a return to stability, and the narrower he danger of an increase in the average rate of inflation," the report says.

The five wise men go on to question whether the EMS proposals leave enough room for manoeuvre to make timely and adequate parity changes. Were the rules to include a mechanism that was technically adequate, they argue, a change in the Bundesbank's statutes would be needed that would de facto weaken its independence

Appeal by Soviet dissident fails

The Russian Supreme Court yesterday rejected an appeal by Mr. Alexander Podrabinek, the dissident who was asking for his *conviction on charges of "anti-Soviet slander"* to be overturned, according to AP, quoting dissident sources.

The rejection means that 24-year-old Mr. Podrabinek, who gained international fame for his exposure of alleged Soviet abuses of psychiatry, will serve his sentence of five-years' internal exile as ordered at his one-day *trial in* August.

Mr. Podrabinek was one of the youngest members of Moscow's dissident community.

He smuggled to the West a 265-page book "punitive medicine," which was the result of a three-year examination of the Soviet *psychiatric system.* He detailed what he said was evidence that psychiatric incarceration is used in Russia as a means of punishing dissidents.

Warsaw Pact meeting ends

The Warsaw Pact military alliance summit meeting was expected to end yesterday with a call for increased East-West detente and disarmament, Reuter reports from Moscow.

Mr. Leonid Brezhnev, the Soviet President, opened the seven-nation session on Tuesday by saying the pact would do everything it could to provide "a new energetic impulse deepening the relaxation of international tension and improving cooperation among all European and other countries."

Spanish ban

The Spanish Government yesterday banned all public demonstrations in Spain until after the *December 6 referendum to ratify* a new constitution, AP reports from Madrid.

Papal letter

Major Polish newspapers yesterday carried on their front pages a letter from Pope John Paul to Mr. Henryk Jablonski, the Polish head of state, expressing his conviction that the Church in Poland will grow in conditions of religious freedom, says Reuter in Warsaw.

Belgian arrests

Two more Brussels policemen were arrested on Wednesday for alleged burglary, it was announced yesterday, according to AP in the Belgian capital. Five policemen were already under arrest for looting a Brussels jewelry shop last year and another officer is under arrest for allegedly raping the policewoman of the first police gang while arresting her last June.

Norway unemployment

The number of unemployed in Norway increased to 21,900 in October, up 7,700 from October last year and 6,800 more than the average for the five-year period 1973-77, the Government announced, reports AP-DJ from Oslo. Unemployed represented 1.4 per cent of the total labour force.

Danish index rise

Denmark's consumer price index rose 1.9 per cent in October to 310.2 base 1964) after increasing 0.7 per cent in September, the Statistical Bureau said, says Reuter in Copenhagen.

Swiss reservations

Swiss Foreign Office sources stressed yesterday that they are not joining in the widespread euphoria over the UNESCO media declaration, hailed by the chief United States delegate as a triumph of goodwill and a victory for the West, reports AP from Bern. The Swiss expressed concern about potential threats to freedom of journalistic activity which they felt had survived in the compromise text.

Erotic sale

Three hundred 18th and 19th century "erotic objects" go on *sale in Paris* next month, climaxing a spate of auctions by M. Roger Peyrefitte, the French writer and private collector, according to AP in Paris. The collection is described by M. Peyrefitte as "a hymn to life and beauty."

Polish fire

Flames gutted an electric power transformer in Warsaw on Thursday, AP writes from the Polish capital. The duty operator escaped, before the pre-war building turned into an orange ball of fire.

War crime plea

Protesting his innocence, Mr. Pieter Menten, the Dutch millionaire, yesterday unsuccessfully demanded in court that he be freed from custody and that war crime charges against him be dropped, AP reports from The Hague. Mr. Menten is being retried on a charge of killing between 20-30 jews in the Polish village of Podhoroce in 1941 while serving with the German SS.

BLEU deficit

The deficit in the overall August balance of payments of the Belgo-Luxembourg Economic Union (BLEU) widened sharply to BFr15.9bn (£234m) from deficits of BFr 8.8bn in July and of BFr 7.1bn in August, 1977, said AP-DJ in Brussels, quoting a spokesman for Banque Nationale de Belgique, the central bank.

Portuguese debt restructured by selling of gold

BY DAVID MARSH

THE BANK OF PORTUGAL has been selling part of its gold reserves through the Bank for International Settlements (BIS) in Basle to help pay off its large short term borrowing from Western central banks.

Portugal raised well over $1bn in little publicised central bank credits, both multilaterally under the auspices of the BIS and bilaterally through the West German Bundesbank and Swiss National Bank, during the country's period of financial crisis over 1975-77.

The bulk of these credits, which were on a short-term renewable basis, was secured by an appropriate portion of the country's gold reserves, valued at a market-related price.

Since the start of this year, Portugal has been paying back the credits in regular amounts, estimated very roughly at $30m a month, in a bid to restructure *its foreign* debt. A significant part of the repayments has been effected by the BIS selling part of the gold originally placed with it as collateral for the loans.

It was well known in the gold market last year that Portugal was selling gold to raise foreign exchange, but this year's sales through the BIS have been kept fairly quiet.

Since the gold price has risen substantially since the period in which Portugal took out the loans, the market value of the collateral now exceeds the amount which has to be repaid. *This means that the gold sold by* the BIS has been less than the amounts originally pledged, so that some of the original collateral *has been returned to* Portugal as unpledged gold.

The volume of Portugal's gold reserves has been dropping, to around 697 tonnes now against 750 tonnes at end-1977 and 861 tonnes at end-1976. But the proportion used as backing for foreign loans has fallen to around 33 per cent from a peak *of over 50 per cent at the height* of the country's foreign exchange crisis.

The steady sales of Portuguese gold this year have hardly affected the climb of the gold price on the international market. The BIS may have sold part of the gold privately to other central banks, to avoid disturbing the market.

The Portuguese repayments have been made at the initiative of the central bank itself in an effort to put the country's external financing on to a longer term basis, and to lower the volume of collateralised gold in its reserves.

Even though Portugal has continued to run a heavy current account deficit this year, its foreign exchange position has improved dramatically as a result of an inflow of foreign loans sparked off by approval by the International Monetary Fund in June of a $79m standby credit.

The IMF decision paved the way for $750m in loans from a multinational consortium led by the U.S. and West Germany, as well as $450m in Euromarket financing.

The country's reserves have also been boosted by tourism inflows over the summer. Latest IMF figures, for August, put total international reserves at $1.7bn, against $1.3bn at the start of 1977.

Faced with a likely current account deficit of about $1bn in 1979 Portugal may need to turn to the multinational consortium for more balance of payments *support early next year.*

But further international aid efforts are likely to depend on talks to renew Portugal's IMF standby *for the coming year.*

IMF officials have been in Lisbon recently to start renegotiations, and Sr. Antonio Ramalho Eanes, the Portuguese President, said in London last week that once the standby is renewed, there will be no difficulty in raising the annual $1bn which Portugal needs in external *financing.*

Numbers game is key to MBFR deal, says Britain

BY PAUL LENDVAI — VIENNA, Nov. 23.

THE CHIEF British delegate at the 19-nation East-West mutual and balanced force reduction (MBFR) talks, Mr. Edwin Bolland, called on the Warsaw Pact States today to accept that no agreement was possible unless they admitted to the imbalance in manpower and tanks.

He told the Eastern side that the key issue of the conflicting data about the numbers of soldiers on each side must be resolved and that the West was not going to conclude a deal without dealing with the fundamental sources of instability.

Mr. Bolland was addressing the 187th plenary meeting of the talks which began more than five years ago. The West is pressing the other side for further clarification of the great discrepancy in figures. The difference between Western and Eastern figures submitted about Warsaw Pact ground forces in central Europe is almost three times the size of the British Army on the Rhine.

The East submitted proposals on June 8 which Mr. Bolland described today as "of potential significance," but the proposals were in many ways limited in substance and concerning the major causes of the differing figures. The Warsaw Pact accepted the principle of a common ceiling for the ground forces of the two sides, but only on the basis of what NATO regards as completely false figures.

Mr. Bolland reaffirmed today that NATO could not accept the Eastern plan for implementing two phased reductions, first by the U.S. and the Soviet Union and then by all other direct participants. Nor was the escape clause proposed by the Soviet Union acceptable. Under this the Soviet Union could withdraw from a first-phase agreement and cancel earlier reductions if dissatisfied with the implementation of second-phase cuts.

(Advertisement)

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Recovery effects of greater loans for housing in Japan are due to take some time

The role of private housing investments has become rapidly heavier in the phase of *the national economy* at a time when corporate investment activity, centering on plant-equipment investments, has continued stagnant since the oil crisis in late 1973.

At present when the economic growth tempo continues to be sluggish, acceleration of housing construction particularly has become one of the two major programs for buoying up domestic business, together with the progress of public investments.

It is against this background that the Government has advanced or increased the outlay for loans by Housing Loan Corporation in the past three years.

For instance, Housing Loan Corporation raised the loan framework for personal housing starts for fiscal 1977 by 100,000 units in October. In *January, this year, it accepted* advance applications for 30,000 units within the loan framework for fiscal 1978, starting from April.

Included within the overall economic program for fiscal 1978 is a special appropriation for financing construction of *73,000 houses (including 20,000* private housing starts) as part of the business bolstering program.

Housing starts

Housing starts totaled 1,524,000 units in calendar 1976 (up 12.4 per cent over the previous year) *and* 1,508,000 units in 1977 (down 1.0 per cent). The comparable total in the first eight months of 1978 (January through August) stood at 1,047,000 units, up 3.7 per cent over the corresponding period a year before.

Housing construction has been on the moderate upgrade in recent years. However, the basic keynote of housing projects necessarily has not been stiff.

According to the table that quarterly analyzes housing starts in recent years, classified according to fund sources, housing starts with public funds have continued to fare relatively well since around the April-June quarter of 1977 undeniably on the strength of the expanding loan framework for such projects by *Housing Loan Corporation. In* contrast, housing starts with private funds have continued to stay below the year-ago level.

The recent slump of private *housing starts is ascribable to the greater stress placed on* procurement of public funds for housing projects to the relative neglect of housing starts with private funds.

Until a few years ago, there was not any particular difference between the number of housing starts with private funds and those with public funds. From about 1976, however, the gap has become clearly wider. In fact, housing starts with private funds have begun to decrease in favor of an increase of their counterparts with public funds, indicating greater choice of public funds in preference to private funds in housing investments.

In this connection, reference may be made to the portion of the increased housing starts with public funds originally *planned to be financed with* private funds. It is roughly estimated that the increase of housing starts with public funds has depended on the "switch-over" from private funds to the extent of 30-40 per cent.

In other words, the loan framework by Housing Loan Corporation may be increased, but the net boost of housing starts as a result is estimated to account for 60-70 per cent at most of the increased total of housing projects.

It also should be noted that there will be a certain time lag before the loan increase by Housing Loan Corporation begins to prove effective in helping business recovery.

Spur to business

Under the latest overall economic program, the Government has decided to appropriate an additional outlay of Housing Loan Corporation for financing 73,000 housing starts. Included in this additional outlay is an appropriation for loans for private housing starts. How, then, will it work to buoy up business?

According to the present schedule, loan applications for 10,000 units of the 20,000 additional housing starts were accepted in October, 1978, and the acceptance of the remaining 10,000 applications is expected likely in January, 1979.

Housing starts based on these two series of loans (accepted in October, 1978 and January, 1979) are expected to get into full swing in December (1978)-*January and March-April*, respectively. At the same time, the net increase of houses is estimated at around 60-70 per cent of such housing starts at best.

Converting such housing starts into private housing investments in real terms on a GNP basis, *the housing* demand increase is estimated to reach ¥4.6 billion in the October-December quarter of 1978, ¥26.8 billion in the January-March quarter of 1979, ¥26.6 billion in the April-June quarter and ¥4.5 billion in the July-September quarter.

The direct demand gain in fiscal 1978 (ending March, 1979) thus is estimated to total around ¥31.4 billion (likely to boost the real growth of GNP in fiscal 1978 by 0.04 percentage point).

The comparable gain in fiscal 1979 also is estimated at around ¥1.1 billion.

Overall, what is expected to prove effective on a GNP basis to push up real private housing investments (that is, taking effect in the GNP phase) in fiscal 1978 is estimated to reach only about 50 per cent, and the remaining 50 per cent will be carried forward to fiscal 1979.

Meanwhile, induced demand in other phases by the increased housing investments is estimated to register ¥13.4 billion in fiscal 1978. However, a macro-economic survey shows that such induced demand in fiscal 1979 is likely to swell to around ¥73.4 billion in fiscal 1979.

The combined increase of demand in the primary and secondary stages is estimated to reach ¥44.8 billion in fiscal 1978 (likely to boost real GNP by 0.04 percentage point). In *fiscal 1979*, however, the comparable increase is expected to raise real GNP to the extent of about ¥104.5 billion.

With reference to 53,000 units of the total of 73,000 units covered by the additional outlay by Housing Loan Corporation (that is, *exclusive of* 20,000 units earmarked for private housing starts), it is difficult to indicate its effect substantially on the business bolstering program.

Even assuming that they have the same business stimulating effect as their counterparts for private housing starts, the combined total (73,000 units) is estimated *to have the effect of raising* real GNP in fiscal 1978 by ¥105.2 billion (0.10 percentage point). Even taking into account induced effects, the aggregate total will serve to raise real GNP by ¥150.1 billion (0.14 percentage point) in fiscal 1978. A more concrete effect will be carried forward into fiscal 1979.

Recent Trends in Housing Starts Classified by Fund Sources

(In 1,000 houses, year to-year % changes in parentheses)

	Grand-total	Private funds	Public funds: Total	Public funds: Housing Loan Corp.'s funds
1975				
Jan.-Mar.	268 (−17.7)	190 (−19.0)	73 (−12.5)	46 (−17.2)
Apr.-June	335 (9.7)	253 (2.6)	85 (27.4)	51 (59.4)
Jul.-Sept.	394 (−7.6)	262 (12.6)	132 (−22.6)	38 (−26.0)
Oct.-Dec.	375 (25.3)	257 (18.4)	118 (45.5)	77 (70.6)
1976				
Jan.-Mar.	334 (27.4)	241 (26.7)	93 (27.9)	65 (42.1)
Apr.-June	390 (16.6)	314 (26.0)	76 (−11.2)	42 (−17.8)
Jul.-Sept.	418 (6.9)	293 (16.1)	125 (−4.8)	93 (6.4)
Oct.-Dec.	381 (1.7)	279 (8.5)	102 (−13.3)	70 (−8.5)
1977				
Jan.-Mar.	341 (2.0)	245 (1.5)	96 (3.2)	70 (7.9)
Apr.-June	379 (−2.8)	292 (−7.2)	87 (15.4)	60 (42.4)
Jul.-Sept.	405 (−3.0)	273 (−6.5)	133 (5.9)	91 (−2.4)
Oct.-Dec.	382 (0.3)	269 (−3.6)	113 (11.1)	78 (11.7)
1978				
Jan.-Mar.	365 (7.0)	216 (−11.9)	149 (54.7)	127 (81.9)
Apr.-June	410 (8.3)	262 (−10.4)	149 (70.8)	116 (92.7)
July	152 (8.7)	83 (−12.3)	69 (153.2)	53 (181.0)

Source: The Ministry of Construction

Conclusion

After all, the effect of loans by Housing Loan Corporation, including induced effects, to buoy up business necessarily is not small. For all that, not much can be expected from them in the phase of instant effects.

The additional outlay by Housing Loan Corporation for *fiscal 1978 also is bound to have* only a slight effect on business. It appears clear that its effect, inclusive of induced effects, will be carried over to fiscal 1979 and later.

Under such circumstances, the policy of increasing the loan framework of Housing Loan Corporation simply with the object of supporting the achievement of the set economic growth target for a single fiscal year necessarily is considered the optimum.

After all, excessive stress on the housing construction acceleration program as a business bolstering measure to the neglect of the intrinsic importance of the right course of housing policy should be averted.

In fact, many problems have begun to crop up in the phase of public housing loans. For instance, the increase of the loan framework by Housing Loan Corporation has not been financed by a sufficient fund source. At the same time, applications for housing loans have been relatively dull.

Against this background, a well-planned and overall housing policy, including proper and effective measures for curbing the advance of land prices and construction costs, become increasingly important.

All in all, it should be kept strongly in mind that a concrete housing policy, based on well-planned medium- and long-range programs, should be constructively propelled as the housing construction acceleration program centered on the increased loan framework by Housing Loan Corporation, is a temporary measure that also will take time before it begins to take effect to help buoy up business.

Last-minute bid to avert W. German steel strike

BY ADRIAN DICKS

LAST-MINUTE talks to avert a steel strike in West Germany will open between employers and union leaders in the Ruhr steel town of Duisburg tomorrow—less than 24 hours after the union, IG-Metall, had formally called the strike for next Tuesday.

The speed with which IG-Metall has taken up the steel employers' offer of fresh talks underlines the impression that both sides have deliberately left the real bargaining until the last possible moment. However, it is too soon to conclude that a will to reach agreement exists, and the possibility that the crisis-ridden steel industry will be shut down next week for the first time in half a century cannot be ruled out.

On the face of it, the two sides remain deadlocked over the IG-Metall demand for a reduction in the working week from 40 to 35 hours. The union says this demand is the centre of its claim this year, while the employers have so far refused to discuss it at all.

Some observers tonight believed, however, that a formula might be found for giving steelworkers extra annual holidays that would bring the average up to the long-term IG-Metall goal of six weeks for every man in the industry.

This would be very much cheaper for the steel companies than the cumbersome attempt to save jobs through shortening the working week—a move which would not only involve employers in heavy social costs for extra workers but would also run up against the shortage of skilled men in many parts of the industry.

Bonn optimism on the economy

BY OUR OWN CORRESPONDENT — BONN, Nov. 23.

WEST GERMANY'S real Gross National Product should increase by 3.5-4 per cent in 1979, compared with 3 per cent this year, while net unemployment should decline by about 100,000. These are two of the specific forecasts made by the "five wise men"—the Council of Economic Advisers—in their annual report today.

The general thrust of the analysis is optimistic, largely because of a considerable increase in business confidence. "This means," the report says, "that this time the inherent forces of recovery are stronger, and the prospects for the success of stimulatory policies better, than in past years."

However, although the Council says that it sees no need to contemplate further governmental action for the time being, it points to three factors which lead it away from basing its 1979 forecasts wholly on the favourable indicators of the past few months:

- The momentum of the current recovery is still too heavily dependent on official policies, and the strengthening of "inherent forces" does not mean they are strong enough.
- Recovery remains overshadowed by the instability of the foreign exchange markets. The "five wise men" note that the autumn's fall in the dollar appears to have caused West German business less worry than that in the spring, but they point out that this may be due to a premature assumption that the dollar has stabilised.
- Uncertainties remain, too, on the domestic side, both in overall supply and in the future course of wages.

The report assumes that as in 1978, the domestic market will provide the main stimulus to growth. But it also assumes a very slight acceleration of exports from a real growth rate of 3.5 per cent this year to 4 per cent in 1979.

Specifically, the "wise men" expect demand from the European Community to strengthen significantly, though that from the U.S., the Comecon countries, and the developing countries shows little likelihood of increasing.

The public sector deficit is expected to rise by DM8bn (£2.141m) to DM49.5bn as a result both of the planned stimulatory tax-cuts package and of spending plans already in the pipeline. The Council also forecasts a return to equilibrium in the troubled finances of the social security system.

The Council clearly regards private investment as the major uncertainty, despite the visible rise in business confidence. They assume some slow-down in the building boom, if only because of bottlenecks in production, and they describe the investment climate for the rest of industry as "pretty changeable."

Productivity, according to the report, should rise by about 3 per cent in 1979, but it also expects companies to remain cautious about investments that would enlarge capacity substantially in view of the very recent experience of many industries with painful under-use of existing plant. Real investment is likely to rise at about 6.5 per cent, approximately the rate of the past two years.

Predictably, the "wise men" call for a lower rate of wage increases next year. Assuming this in their forecasts, they conclude that 150,000 new jobs may be created. Allowing for some rationalisation and for a net inflow of 50,000 more school-leavers into the labour market, however, they foresee a reduction in the number of unemployed of no more than 100,000 between the end of 1978 and the end of 1979.

Finally, the panel warns of a slight increase in inflation, from 2-2.5 per cent this year to 3 per cent next year, of which as much as 0.3 per cent may be due to the proposed increase in value added tax to 13 per cent next July 1.

West German motor vehicle production in October was 5.8 per cent higher than in October 1977 at 393,000 units, little changed from September's 393,400 units, the Automobile Industry Association announced yesterday, AP-DJ reports from Frankfurt. The association said that in the first 10 months of 1978, some 3.2m cars were produced, up 3.8 per cent on the equivalent period of 1977.

Released terror suspects hunted

BY OUR OWN CORRESPONDENT — BONN, Nov. 23.

THE WEST GERMAN Government, still furious at the release of four terrorist suspects by the Yugoslav authorities last week, today sent two senior officials to Belgrade including the head of the Internal Security Department. They will try to find out where the terrorist suspects went, an Interior Ministry spokesman said.

Earlier this week, Bonn recalled its ambassador to Yugoslavia for consultations, and it has also protested officially that the Yugoslavs have violated the extradition treaty in force between the two countries. The current visit is at Yugoslavia's suggestion, the spokesman said.

According to Press reports here, the four alleged German terrorists have been at large for several weeks, and may already have found refuge in a sympathetic Arab country. After holding them since last spring, the Yugoslav Government appears to have turned the four loose in protest at delays in extradition proceedings brought against a number of alleged anti-Tito Croatians accused of terrorist acts against Yugoslav diplomats and property in Germany.

Despite their fury with Belgrade, the Germans seem to be at a loss how to respond, although a Bavarian deputy called today on Germans not to take holidays in Yugoslavia next year.

Count Otto Lambsdorff, the Economics Minister, pointedly praised the Bularian Government for its help in promptly returning German terrorists last summer without court proceedings, and hinted broadly to Bulgarian officials that German travel and investment would be encouraged by Bonn.

Secrets row erupts in Norway

BY FAY GJESTER — OSLO, Nov. 23.

AN OFFICIAL SECRETS scandal raising the sensitive issue of political control over intelligence operations has emerged in Norway following police inquiries into a bootlegging case.

Norwegians have been startled to learn that an undercover force, armed and organised by military intelligence, has been in existence in their country since the late 1940s. The force was originally designed to stay behind in the event of an enemy occupation, and work covertly with the Norwegian Government-in-exile. Its weapons were collected in secret stores, which were then entrusted to certain key members of the group.

The operation appears to have been run by Norwegian military intelligence with little, if any, political approval. It was so secret that at least one former Prime Minister, Mr. Per Borten, knew nothing about it during his period in office from 1965-71. Revealing this yesterday, Mr. Borten said he thought that as Prime Minister he should have been told. He added that he did not know whether other members of his government were informed about the secret army. Two other former Prime Ministers, Mr. Lars Korvald and Mr. Trygve Bratteli, today declined to state whether they had been told about it when in office.

The story came to light after police discovered a cache of 60 weapons, ranging from handguns to an anti-tank rocket, in the Oslo home of a wealthy middle-aged businessman suspected of involvement in the illegal production of alcohol. The man told the police that about half the weapons were government property, entrusted to him by military intelligence.

The authorities appear to have blundered initially by publicly denying that the man had ever been entrusted with government weapons. This forced the police to widen the charge against him to include illegal possession of weapons. Press reports of their continuing inquiries revealed, however, that they found his story convincing. The case received enormous publicity and finally the volume of leaked details in the media forced an official about-face.

Greece stresses training

BY OUR OWN CORRESPONDENT — ATHENS, Nov. 23.

GREECE'S public investments programme for 1979 provides for expenditure of drachmas 63.8bn (£886m), about 16 per cent more than the sum allocated for this year.

Announcing the programme, Mr. Constantine Mitsotakis, Minister of Co-ordination, said it underscored the Government's determination to boost economic activity without exposing the economy to the dangers of inflationary pressures. Allocations are mostly for the completion of projects already under way.

The largest expenditure in next year's programme Dr 9.2bn is for technical training which reflects the Government's backing for economic development with a view to Greece's entry into the EEC.

A sum of Dr 6.7bn has been earmarked for the improvement of communications, including the development of airports and an attempt to ease the urban transport in the capital through the purchase of new buses.

The development of the rail network will take up another Dr 1.4bn. This includes improvement of the track to the northern borders and work at the port of Volos to link eastern Thrace to Syria by rail-ferry to facilitate exports.

Industry and energy have been allocated Dr 4.2bn, land improvement projects Dr4.5bn, agriculture Dr 2.6bn, irrigation and drainage Dr 4.8bn, and mineral development Dr1.1bn.

A sum of Dr6bn has been earmarked for provincial programmes. This includes Dr 700m for the development of border areas and Dr 350m for the area of the River Evros, the natural boundary with Turkey in Thrace.

Projects in the Athens area, mostly roadbuilding, including a ring-road, will absorb about Dr 2.5bn. A further Dr 1.5bn will go towards rehabilitating earthquake victims in northern Greece.

Andreotti in talks on reshuffle

By Paul Betts — ROME, Nov. 23.

SIG. GIULIO ANDREOTTI, the Italian Prime Minister, began a major round of consultations today with his own Christian Democrat party over a proposed Government reshuffle, to be followed by talks with the parties supporting his minority administration.

The imminent reshuffle is the result of the need to replace Sig. Carlo Donat Cattin, the retiring Industry Minister, following his nomination as deputy secretary-general of the ruling party.

The move comes as increasing political tension threatens to undermine the governing coalition of the Christian Democrats, the Communists, the Socialists and the smaller Republican and Social Democrat parties.

Setbacks suffered by all the larger parties in local elections in the northern region of Trentino Alto Adige have caused additional discomfort among Christian Democrats, Communists and Socialists over the coalition formula.

Against this background, Sig. Andreotti is seeking as wide a consensus as possible for his reshuffle in order to arrest the irritations expressed by the main parties against his minority administration.

While the Prime Minister is understood to favour the inclusion in the Cabinet of "technocrats" with no direct party affiliations and to merge some of the present ministries, factions in his own and some other parties are opposed to these proposals.

The inclusion of technocrats in the Government is generally welcomed by the Communists and thus resisted by a section of the Christian Democrats opposed to the current dialogue with the Communist Party.

Moscow hardens line on China arms

BY DAVID SATTER — MOSCOW, Nov. 23.

VIEWING WITH alarm China's success in improving political and economic relations with the West, the Soviet Union may have decided that the issue of British Harrier jet sales to China was the place to make a stand.

This is one explanation for the apparent toughening of the Soviet position on British arms sales to China represented in the letter from Mr. Brezhnev, the Soviet President, to Mr. Callaghan. The letter threatened serious consequences for Anglo-Soviet relations if Britain goes ahead with the Harrier sales.

There is little question that the Harrier jet, with its sophisticated vertical lift system, is typical of the type of weapon which Moscow does not want China to receive.

The Harrier is now flown only by the RAF and the U.S. Marines and would never have been considered for sale to the Soviet Union. The fact that its sale to China appears imminent and that it contains technology which the Russians appear not to possess may be sufficient to evoke strong Soviet objections.

There is also the question, however, of the Harrier giving China an offensive capability, whereas other Western arms offered for sale to China, particularly the French heat-seeking anti-tank missiles, are considered to be "defensive." Pravda, the Communist party newspaper, singled out the proposed Harrier sale as a dangerous step in an authoritative review of Sino-Soviet relations published in September.

The threat of political retaliation contained in the letter, however, is something new. The Soviet Union has restricted itself in public to general statements criticising steps which would have the cumulative effect of making China "some sort of military ally of the North Atlantic Treaty Organisation." The Russians have said that arms sales to China would strain East-West detente and pose a threat to the nations of South-east Asia which are the traditional targets of Chinese "expansionism."

The message to Britain, however, appears to go well beyond these expressions of disquiet to an active attempt to compel the UK to drop any plans for selling the Harrier to China, a tactic which would doubtless be repeated with other countries if it showed signs of achieving success.

The Soviet pre-occupation with China, as measured by the volume and tone of anti-Chinese propaganda recently, has reached a new peak after subsiding for nine months in 1976 and 1977 following the death of Chairman Mao Tse-tung. The success of the new Chinese leadership in concluding a peace treaty with Japan including an anti-hegemony clause (which Moscow believes is anti-Soviet in intent), in wooing the U.S. and establishing economic and potential military ties with Western Europe, however, has apparently greatly worried the Kremlin. The fear is not so much of China, as China in combination with Western Europe, Japan, or the U.S.

The strain in Soviet relations with the U.S. earlier in the year inspired Soviet attempts to develop relations with the U.S.'s European allies, particularly West Germany and France, both of which are also contemplating arms sales to China.

It may be however, that Moscow sees its relations with Britain as being inherently limited by the lack of economic co-operation opportunities in the energy field as well as by Britain's political and psychological ties with the U.S. The USSR may thus feel less inhibited about risking British displeasure than it does about risking that of the West Germans or the French.

When Mr. Andrei Gromyko, the Soviet Foreign Minister, was in France last month to patch up a period of strain in Franco-Soviet relations the atmosphere was believed to have been eased by a French commitment to only sell the Chinese defensive weapons.

It is doubtful, however, that the Russians will take serious steps to damage their relations with Britain in response to the Harrier sale even though they may feel obliged to protest against it now. The area in which Britain stands most to benefit from good relations with the Soviet Union is in trade relations where the mix of economic and political considerations affecting the winning of large contracts is rarely influenced by a single event.

The leadership struggle in China, Page 4

French car record on way

BY DAVID WHITE — PARIS, Nov. 23.

RECOVERY DURING the last four months means that the French car industry is now only a short head away from beating last year's record production of 3.09m vehicles.

A sharp increase in October output this year brings the production figure for the first 10 months to 2.53m cars, only 0.4 per cent behind last year's level at the same stage.

A 16.9 per cent jump in car exports last month also closes the gap in this sector to 3.3 per cent, with exports for the year so far totalling 1.3m cars compared with 1.34m at the same time last year, according to the latest statistics published by the French Motor Manufacturers Association.

New car registrations in France already look set to break last year's record of 1.9m. The October figure of 173,000 although only fractionally above October, 1977, leaves a 1.3 per cent lead for the 10-month period (4.59m registrations) over the equivalent level last year.

Domestic output of small goods vehicles (up to six tonnes) dropped by 3.2 per cent in October. The total for the year so far was 288,000 units, showing a 3.8 per cent shortfall. But exports were almost 20 per cent up in the month and 3.7 per cent higher for the year so far.

EEC construction plan

BY GUY DE JONQUIERES — BRUSSELS, Nov. 23.

NEW EEC legislation, aimed at creating a more open market in construction materials by harmonising basic technical standards throughout the Community, has been proposed by the European Commission.

The proposal, which must be approved by the Council of Ministers, has been drawn up in consultation with representatives of the European building and construction materials trades, who, the Commission says, support its general objectives.

Standards for building materials differ widely in the EEC and, in some cases, do not exist at all. By eliminating the most important differences, the Commission claims that the Nine would stimulate the volume of cross-frontier trade.

It is also argued in Brussels that exports to third countries would benefit because potential buyers would consider conformity with a set of EEC standards as evidence of quality and reliability.

The proposal takes the form of a framework directive which would be added to on a case-by-case basis to cover a variety of different products. The kind of standards to be harmonised would include testing methods, quality specifications, product classification and marketing procedures.

Egypt budget difficulties could affect IMF drawings

BY ROGER MATTHEWS — CAIRO, Nov. 23.

EGYPT IS again running into difficulties over the size and method of financing its budget deficit and this could affect its drawings from the International Monetary Fund under a $720m extended facility agreed last summer.

An IMF team has arrived in Cairo and today begins one of its periodic reviews of the economy with senior ministers. It is the first review to have taken place since the $720m facility was agreed in June, and comes as the Cabinet is drafting the 1979 budget.

There are indications that Egypt has already exceeded at least one of the fiscal ceilings agreed with the Fund and that this is delaying the release of a second tranche of Special Drawing Rights 25m which became due on November 15.

This problem is expected to be resolved during coming weeks but it suggests that Egypt might have further difficulties meeting the conditions for drawing subsequent tranches.

This comes at a time when it is also seeking a substantial increase in all forms of Western assistance and relations are cooling with those Arab states that have come to the rescue of the Cairo Government in the past.

Egyptian officials estimated four months ago that the overall budget deficit this year would be about E£1.9bn ($1.33bn) of which some E£ 665m would be bank-financed. However, the bank-financed element now seems likely to exceed significantly the E£665m figure, and this must be of some concern to the IMF especially as during the next three years Egypt has *pledged to reduce its reliance* on this form of financing.

In drawing up the 1979 budget ministers are seeking to keep the deficit down to some E£2.25bn, of which no more than E£250m would be bank-financed. This increase over 1978 reflects to some extent the effect of unifying the country's exchange rates, which is due to be completed on January 1, as well as the continuing heavy burden of subsidising a range of commodities.

Following the January price riots last year, Ministers are extremely wary of the subsidies issue but are committed to structural reforms of the economy in order to avoid another external payments crisis. With President Anwar Sadat still embroiled in his efforts to achieve a peace treaty with Israel there is little indication yet that the political drive exists to carry out these reforms.

Although Egypt's balance of payments is much improved compared with 18 months ago—mainly due to the rise in workers' remittances from abroad, oil revenues and a rescheduling of short-term debt—there are official fears that by the middle of next year the position could again begin to *deteriorate sharply*.

These fears are increased by the possibility that Saudi Arabia, Kuwait and other Gulf states will be less prepared in future to rush to Egypt's aid, and by the threat of more concerted Arab economic action against the country if President Sadat goes ahead and signs what is considered to be a separate peace with Israel.

Mr. Sadat is looking for some $10bn-15bn in a "Marshall aid" plan from the U.S. over the next five years. Egypt clearly needs to demonstrate that it is making strenuous efforts to bring about major domestic reforms. Current visits to Cairo by members of the U.S. Senate are important in this context, as whatever President Carter's *wishes, he* will still have to get the aid appropriations through Congress.

Court hears West Bank appeal

BY DAVID LENNON — TEL AVIV, Nov. 23.

TWO WEST BANK mayors were detained by the Israeli police today during violent protests as the Supreme Court met in Jerusalem to decide the fate of West Bank land expropriated for Jewish settlements.

The court was hearing an appeal by farmers from two West Bank villages against Israeli seizure of their land. If they win their case, it could severely restrict the expansion of Jewish settlements in the occupied territories.

Many settlements on the West Bank in the past decade were built on land expropriated from local Arab farmers. As in many other cases, the land in dispute in today's case was originally seized by the army, which said it was needed for military purposes. But the plaintiffs argue that their land is being used for Jewish settlements and therefore should be handed back to them.

The Supreme Court hearing is considered a test case because there are many similar appeals pending.

The wide interest in the outcome of the hearing was reflected in the number of Arab notables who attended the court. The mayors of Ramallah and nearby El Bireh, one of the affected villages, were refused entry to the court.

This led to an angry demonstration, which was halted only by the forceful intervention of the police and army. The court hearing had to be suspended for a time. The detained mayors were later released.

Mr. Gabriel Bach, the state attorney, said in the defence plea that the whole settlement issue is political, and that therefore the court has no jurisdiction. He added that a court ruling would have implications for the subjects now under negotiation in the peace talks.

A further defence which he presented is that the settlements are part of the Israeli military network on the West Bank, and therefore can properly be viewed as falling within the international laws which permit the expropriation of land for military use.

The Arab villagers claim that this is not the case. They argue that international law forbids an occupier to transfer part of its population into an occupied area.

The importance which the Supreme Court attaches to the case was reflected in the decision to hold it before a bench of five justices, rather than the more usual three. The hearing is expected to last for several sessions.

The local Press reported today that a government committee has recommended that state-owned land in the occupied territories should continue to be controlled by Israel even after the establishment of the local administrative council proposed at Camp David. It also recommended that Israel retain control of the water resources in the West Bank and the Gaza Strip under the proposed autonomy plan.

Carter angry at CIA over Iran

BY DAVID BUCHAN — WASHINGTON, Nov. 23.

PRESIDENT CARTER has sharply criticised his intelligence services' failure to give him adequate warning of foreign political crises, in particular of the riots and strikes which have come near to overthrowing the Shah of Iran.

The President was moved two weeks ago to send a personal memo to Adm. Stansfield Turner, director of the Central Intelligence Agency (CIA), Mr Cyrus Vance, the Secretary of State, and Mr. Zbigniew Brzezinski, his national security adviser, telling them he was "dissatisfied with the quality of political intelligence," according to well-substantiated press reports here.

But the butt of his criticism appears to be the CIA, which has overall responsibility for intelligence, amid rumours—no more than that at present—that the President may soon move his former naval academy classmate, Adm. Turner, to a less sensitive post. When the rioting broke out in Iran in August, the CIA was apparently still reporting that the Shah faced no internal threats. The Senate Intelligence Committee is also, quite separately, investigating the performance in Iran of the CIA, which played a key role in putting the Shah into power.

The White House was also, according to the New York Times, provoked by the failure of any government agency to predict the big Rhodesian offensive into Zambia last month, when Mr. Ian Smith, the Prime Minister, was having talks with Mr. Vance in Washington. This coincidence was felt by some African leaders to imply tacit American support for the Rhodesian military move.

Adm. Turner has publicly complained of the constraints placed on his agency's operations by public mistrust of the CIA, built up by Vietnam and Watergate.

The CIA has also been under fire for allowing a major security leak to go undetected for eight months. This concerns the sale to Russia of an American spy satellite manual by a former CIA employee, Mr. William Kampiles, who was convicted of espionage last week.

Reuter adds from Paris: The Shah's principal religious opponent, Ayatollah Ruhollah Khomeini, has called on his followers to launch a campaign of civil disobedience to oust the country's new military Government.

He asked Iranians to refuse to pay taxes or to co-operate with the Government, and asked Government workers to strike.

The Ayatollah invited his supporters to draw up lists of Government ministers, civil servants and army officers who had "committed treason against the country, been corrupt, or ordered the shooting and killing of demonstrators."

Sources close to the Ayatollah said that the month of Moharam—the most sacred period for Shi'ites, which starts on December 2—would be preceded by a one-day general strike on November 28, organised by Government employees' unions to call for an Islamic republic.

Ethiopians claim new victory

NAIROBI, Nov. 23.

ETHIOPIAN Government troops have reopened Eritrea's outlet to the sea in a two-day drive from the Red Sea port of Massawa to Asmara, the provincial capital, Addis Ababa Radio said to-day.

The troops dislodged secessionist guerrillas from the road after fierce fighting, according to the broadcast. But two days ago guerrilla spokesmen said their forces had withdrawn from the road to defend Keren, the last major town held by the guerrillas.

Diplomatic sources contacted in Addis Ababa said that as the Government troops had retaken the 72-mile road in just two days, they must have met little or no resistance.

The sources said this appeared to be borne out by the Government report of how the troops were greeted. Addis Ababa Radio said they were given heroes' welcomes in the towns of Dongolo, Nefasit and Ghinda which they "liberated" on the way to Asmara. They entered the provincial capital yesterday.

Diplomatic sources in the Sudanese capital, Khartoum, said two weeks ago Ethiopia had flown and shipped its 10th militia division of between 8,000 and 10,000 men from the Ogaden desert region to Massawa in *preparation for the push up the* winding orad which rises through mountains some 7,600 ft from sea level to the Asmara plateau.

Such recently-raised *militia* units, which saw combat for the first time in the eight-month Ogaden war against Somalia which ended last March, are integrated into regular army units in Eritrea to form what the government calls task forces, according to the diplomatic sources in Addis Ababa.
Reuter.

NZ election controversy

By Dai Hayward

WELLINGTON, Nov. 23.

IN *A last minute pre-election* bid to bolster his strong-man image with Party supporters who have become extremely critical of Mr. Robert Muldoon's recent soft line with trade unions, the NZ Prime Minister tonight bluntly warned that servicemen will deliver petrol if a threatened petrol drivers strikes goes ahead on Monday.

"If they won't deliver the petrol we will—that's a promise," Mr. Muldoon told cheering supporters.

Petrol delivery drivers have been restricting delivery in preparation for a total strike planned for Monday. Mr. Muldoon warned trade union leaders if they do not adopt a more reasonable approach in wage demands the Government would *abolish free wage bargaining* procedures between employers and unions.

Wage increases would be fixed by Government decree declared Mr. Muldoon, probably worried at the erosion of support for his National Party. He is particularly worried that farmers are upset at the Government's handling of a recent dispute involving freezing workers' unions. He was determined to show he is the strong man which National Party election propaganda portrays him to be.

The election campaign, in which voters go to the poll on Saturday to elect a new 92-seat Parliament, has come alive in the past 48 hours. Mr. Wallas Rowling, the Labour leader has grown in confidence as the campaign developed and this week has received enthusiastic support at many election meetings. In some areas Mr. Rowling attracted more support than Mr. Muldoon.

The Government has based its campaign on a strong defence of its record over the past three years and particularly its attempts to curb inflation and cope with New Zealand's economic ills.

An outbreak of posters in Peking has confirmed that the struggle for leadership in China is still on. **Colina Macdougall** writes that the group around vice premier Teng Hsaio-ping seem prepared to stop at nothing to get rid of everyone associated with Mao.

Making room at the top

THE SACKING of a senior Left-winger in the Peking leadership, indirectly revealed in a New China News Agency report yesterday, shows that the poster campaign attacking Chairman Mao and those associated with him has been swiftly followed by action.

Chi Teng-kuei, previously First Political Commisar of the Peking Military Region, Politburo member and personal protégé of Chairman Mao, has been replaced in his military job. He may nominally retain his Politburo membership like two other senior leaders, Saifudin and Wu Teh, dismissed from their government posts this year, but his disappearance marks an important stage in the ousting of all Cultural Revolution beneficiaries from power and marks the gradual triumph of the supporters of Vice-Premier Teng Hsiao-ping.

There are now reports that a party central committee meeting is pending, and that may be followed by more changes.

The outbreak of posters in Peking confirms that China is still in the throes of a struggle for power of which no one can foresee the end. Senior but unnamed officials have been criticised for associating with the Gang of Four (Chairman Mao's widow and her colleagues). Mao himself has been blamed for the policies of his last years. Teng Hsiao-ping, twice sacked by Mao and twice rehabilitated, was reportedly named by one poster (quickly torn down) as the man who should have written the title for a book of poems publicised last week instead of Chairman Hua Kuo-feng. These poems date from the 1976 Peking riot, and carry strong political overtones.

The conduct of Chinese *politics through posters and* poetry books may seem mysterious, but it reveals a trend sooner and more accurately than official statements. Posters are sometimes officially inspired, and the strength of a grouping within the leadership may be judged by how long a poster stays up, and whether foreigners are permitted to scrutinise it. Posters attacking Mao directly must have powerful though not necessarily unanimous backing from the leadership.

Using a volume of poems is a typically Chinese device for airing a policy. Mao himself was a poet and other Chinese leaders in the last two years have published poems that carried political weight. This kind of publicity shows that one group is on the wane and another in the ascendant *before* official changes happen. Furthermore, it gives officials lower down the line an opportunity to move away *discreetly from too-obvious* support of the losing side. This may be the process which is now taking place, as the group *openly* critical of Mao is visibly on the upswing. Lesser officials may read the signals from Peking and act accordingly.

The 1976 riots grew out of a demonstration honouring recently-dead Premier Chou En-lai and the poems now to be published were pasted up in Peking as part of it. This was quickly seen as a movement supporting Chou's policies and opposing the Gang, who were very much in power at the time. Teng was held responsible and sacked.

With the rehabilitation last week of all those arrested for participating in the riot, Teng too was implicitly justified.

As a result of the riot and Teng's dismissal, Hua, the present party chairman, then only acting Premier, was confirmed in the job. He has since been reconfirmed in it by the National People's Congress. However, since he initially got the job as a result of the suppression of the riot, eulogising those troubles now must surely mean trouble for those who benefited from it. Wu Teh, then Mayor of Peking, was apparently held directly responsible and was finally dismissed last month after a poster campaign.

But this week's posters show that the Teng camp is still out for more blood.

Soon after Mao's death, the foreign assumption was that Chairman Hua was the logical leader for the new era. He was seen as typical of a new, younger generation of officials, nurtured on Maoism but experienced in handling the practical aspects of government.

However, from the day Comrade Teng was rehabilitated in July 1977, Chinese policy took a sharp turn right and has never looked back since. In agriculture, industry, education and the arts, Maoist policies have one by one been abandoned, to the point where it now seems impossible that anyone closely associated with Mao in the last 10 years of his life could fail to object.

Originally it semed that Hua Teng might work in tandem. At first there were no open policy differences. Then in November 1977 Chairman Hua, in true Maoist style, led a team of top officials to labour at a Peking reservoir. Out of the whole Politburo, only Teng and a few of his top supporters did not attend.

Last year the Peking Press *printed dozens of stories eulogising* Hua. Today, Teng has begun to move into that kind of limelight with a striking reference to his wartime activities, along with the now-dead heroes of that time.

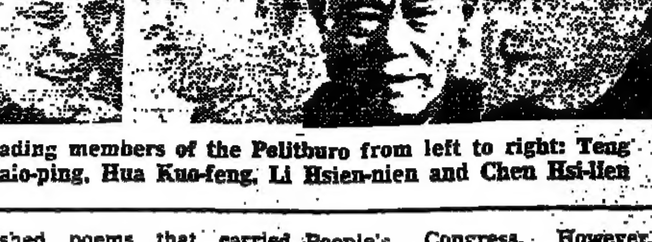
Evidence of policy differences is still hard to discern. The line from Chinese radio stations (the source of most reliable information on trends) seems unanimous, with the possible exception of Hunan Province, where Mao was born and Hua spent most of his working life. There, comment on Teng's references to the need for pragmatism has been muted.

The most one can say is that Hua's speeches show him to be more concerned with politics and Teng's with action. At the Party Congress last year, Teng's speech only lasted a few minutes, and the gist of it was "More work, less talk" (a catchphrase which significantly was quoted by a Shanghai leader recently).

But a moment's thought suggests that anyone who was even half-convinced by Mao's radical ideas on education or economic organisation would hesitate over today's plans for the wholesale importation of foreign equipment and the incipient elitism of education and Chinese society generally.

Pinpointing each group's supporters is not easy, particularly as in crisis they may change sides. One such is Wang Tung-hsing, party vice-chairman and the *man* who arrested the Gang, but once Mao's bodyguard. However, in the party Politburo veteran officials like Vice-Premier Li Hsien-nien, seem to outnumber obvious cultural revolution beneficiaries, and they certainly do so in the senior government hirearchy. There are several question marks such as that hanging over the commander of the Peking military region, Chen Hsi-lin, who has so far survived earlier poster attack.

With Chi Ting-kuei now sacked, it does look as if the Teng group will stop at nothing until everyone associated with Mao and the Gang has gone. The key question is whether that includes Chairman Hua.



Leading members of the Politburo from left to right: Teng Hsaio-ping, Hua Kuo-feng, Li Hsien-nien and Chen Hsi-lien

New wall poster criticises Mao's 'mistakes'

BY JOHN HOFFMANN — PEKING, Nov. 23.

MAO TSE-TUNG'S "mistakes" came under further criticism last night in a new wall-poster which appeared in the main street of Peking.

The poster makes the charge that Mao knew what the "Gang of Four" and Lin Piao, the former Defence Minister, were doing. (They are now blamed for the almost total disruption of Chinese society.) It says: "We should look at Mao's mis*takes in support of Lin Piao* and in the purging of Teng Hsiao-ping.

"The correct political attitude is to analyse why Mao made mistakes in order to avoid political swindlers from grabbing power in the future."

Signed by a railway worker, it says that the issue of Mao's support for the Gang of Four was in the front of the minds of all Chinese.

The new poster follows others which have appeared in Peking streets this week questioning the late Chairman's wisdom and demanding the exposure of officials responsible for the repression and persecution of Chinese citizens.

The official Chinese media has published articles affirming that Mao was capable of *making mistakes, although the* official line has not directly associated him with ideological criminals.

● AP reports from Tokyo: Angry Chinese beat up a youth shouting slogans in favour of the late Chairman Mao Tse-Tung in Peking on Thursday as open disagreement about Mao's policies surfaced.

Kyodo reported from the Chinese capital that the youth was beaten by a crowd of about 50 after shouting that anybody opposing Mao "would come to no good end."

It said one angry citizen reproached him: "Are you trying to suppress a movement based on the principle that practice is the test of truth?" The youth said nothing and left, Kyodo added.

Zambia jails white farmer

BY OUR OWN CORRESPONDENT — LUSAKA, Nov. 23.

A BRITISH farmer, Ian Sutherland, was today sentenced in Lusaka magistrates court to five years hard labour for illegal possession of three Soviet and Chinese-made rifles, two rocket launchers, 21 hand grenades, explosives and other weapons left in his care by two white Rhodesians.

Mr. Sutherland, 43, who was born in Zambia, pleaded guilty. He was arrested at his farm 50 miles south of Lusaka on November 12. The arms, which were exhibited in court, were said to have been concealed in drums buried near the farmhouse. They were taken to the farm last year in a lorry carrying timber from South Africa. The vehicle was said to have been driven by Peter Dunn and John Howes, described as two Rhodesians. The court was told the weapons were intended for use against black Rhodesian guerrillas based in Zambia.

Somoza must go—opposition

By William Chislett

MANAGUA, Nov. 23.

THE NICARAGUAN Opposition is unlikely to accept the peace settlement proposal put forward by the Washington-inspired mediators unless General Somoza, the country's President, first leaves Nicaragua.

The crisis is further complicated by the increasing internationalisation of the situation following Costa Rica's breaking off diplomatic relations with Nicaragua after a border incident when two Costa Rican guards were killed by Nicaraguan guards and another captured.

The Broad Opposition Front, which withdrew from talks with the mediators, considers the mediators' proposal for a referendum to decide on whether General Somoza remains or a new national government is formed, unacceptable in its present form unless it can be ensured of certain guarantees. Among them would be that General Somoza leaves the country and that any referendum be scrupulously conducted under auspices of the Organisation of American States (OAS).

The mediators have proposed that the OAS would supervise a referendum although the number of observers has not been specified. The Opposition would like a large presence. The stumbling block is the continued presence of General Somoza who under the plan by the mediating team from the U.S., Guatemala and the Dominican Republic, would only leave Nicaragua if the referendum vote went against him—the most likely outcome.

Oil industry call for an end to price controls

A recent meeting of the American Petroleum Institute, David Lascelles writes from New York, dispersed determined to do something about deregulation and price control—the question was what?

THE FRUSTRATIONS of the U.S. oil industry over price controls and government interference bubbled up in Chicago earlier this month where the industry's top trade association, the American Petroleum Institute was holding its annual meeting.

The Institute's chairman, Mr. John Swearingen, who is also chairman of Standard Oil (Indiana), the country's sixth largest oil company, made a remarkably tough speech denouncing the evils of regulation, and calling for the phasing out of oil price controls. He said he was speaking in a personal capacity. But the thunderous applause which greeted his words, plus the platform he was *speaking from*, made it clear that this was not one man but a powerful industry speaking.

No motions were passed. But the meeting dispersed with a determination that something must be done. The question is what?

It was no accident that Mr. Swearingen ended his ringing speech with an appeal for unity. For the truth is that the oil industry is as dividend over the future of oil prices as it was over President Carter's Energy Bill, and any common position would have to take into account interests which frequently conflict, and sometimes even clash head on.

The focus of concern is the *Energy Policy and Conservation* Act (EPCA) passed in 1975 in the confused aftermath of the oil crisis. Designed to update President Nixon's oil price controls and bring order to the domestic oil market, this laid down complex formulae for *determining oil prices, and has* succeeded in keeping these a shade below world levels.

At the same time, the energy regulatory authorities expanded their so-called entitlements programme to equalise opportunity between oil companies who obtain most of their oil domestically, and therefore below OPEC prices, and those who rely on imports from the OPEC-dominated world market.

Another aim is to even out costs between so-called old oil and new oil. Old oil, defined as that produced from wells drilled before 1972, is reckoned to be cheaper than that produced from wells drilled in the more recent high-cost era, so a charge is made on old oil to bring it up to new oil's cost.

Both types of oil are then subjected to a further charge to bring them close to the price of imported oil. All this money is distributed via an entitlements fund to those oil companies and refiners who are reckoned to be operating at a disadvantage because of their high reliance on imported oil. On top of this, there are controls on oil products and petrol designed to cushion the consumer against price increases on world markets.

These controls were never popular with the oil industry, but attacks have increased in recent months. A widely shared criticism is that by holding prices down, the programme has failed to make the consumer as conservation-minded as he ought to be in a high cost energy era. Also, by putting a check on oil industry revenues, it has reduced the country's capacity to invest in energy exploration and development. So in their view it is *only hastening the ultimate* energy crunch.

Critics also point out that subsidies for small refineries dependent on imported oil have stimulated investment in precisely these types of plant, which are inefficient and a burden on the balance of payments. Furthermore, the low return on old oil is discouraging the use of enhanced recovery techniques which would make old wells more productive.

But while a large segment of the oil industry (including most oil majors) has argued forcibly for decontrol, there is also a segment which actually benefits from the present system and would be unhappy to see it go. These are mainly smaller oil producers and refiners who, by virtue of their size or oil sources, are at the receiving end of the entitlements programme, which now dishes out close to $15bn a year.

Between these two extremes, there are also companies (such as those whose oil comes equally from domestic and foreign sources) who contribute to the fund with one hand, only to get their *money* back with the other. On balance, though, it is probably true to say that the oil industry as a whole favours abolition of price control, provided it is phased out in parallel with the entitlements programme.

The first step in this direction could be taken in the early part of next year since the EPCA gives the President the power to relax controls from the end of May. If he does not, the controls will remain until their statutory expiration in September 1981. The point is that Mr. Carter must act if he wants to modify or abolish controls. If he does nothing, they remain.

The significance of Mr. Swearingen's speech is that it contained one of the few concrete proposals yet made as to what Mr. Carter should do next spring. He laid out a two-step plan: First, deregulate the price of all oil except old oil at the end of May. Second: phase out controls on old oil by the end of September 1981.

On top of this he demanded, among other things, that the Department of Energy allow crude prices to rise to levels permitted under the EPCA: "Something it has not thus far seen fit to do for purely political reasons," and that price controls on refined products be lifted.

The idea behind this plan, which is widely supported in the industry, is to raise quickly to market levels those prices that are already quite close, and to allow others to rise more slowly, thus cushioning the shock.

Mr. Swearingen went on to argue that decontrol need not be inflationary because the real culprit for inflation is government spending. Other oilmen also say that that this is a good moment to *decontrol because oil supplies* are plentiful thanks to the start up of Alaskan oil. Some even maintain that decontrol could actually lead to a drop in prices as the market becomes more competitive, though it is not clear how this argument squares with their other claim that decontrol must produce higher revenues to finance energy development.

Although Mr. Carter's position is not yet known, some of the possible consequences of Mr. Swearingen's proposals are: For a start, Mr. Al Ullman, chairman of the influential House Ways and Means Committee has said that the House will have to pass a tax on "windfall profits" reaped by the oil industry if deregulation goes through. This is bitterly contested by the oil industry on the grounds that 65 per cent of these profits would go to the Treasury anyway via tax, and that what's left would be invested in new energy supplies to the country's long term good.

Oil industry analysts have also calculated that if oil prices were freed, the cost of petrol at the pump would rise by 5-10 cents a gallon to 70-80 cents depending on local tax, which is still far below European levels.

But though there is much sympathy for the oil industry's position in places like Wall Street, particularly among the financial community where the need for *higher investment in exploration* and a reduction in oil imports is stressed, it is not shared elsewhere, for all the obvious reasons: inflation, mistrust of the oil industry etc.

Indeed, Mr. Swearingen told reporters in Chicago that far from having his proposals accepted, he would not be surprised if the White House beefed up its fight against inflation with mandatory wage and price controls. In a *notable* understatement, he added: "if this should come to pass, we must recognise that these steps I have outlined will become difficult, if not impossible to take."

But Mr. Carter's anti-inflation programme need not do great harm to the oil industry's operations. As a capital-rather than labour-intensive industry, it has fewer problems on the wages front than, say, the manufacturing industry. Also, there is probably enough leeway on prices to ensure continuing profitability.

Even so, the industry has been warned by Mr. Alfred Kahn, chairman of Council on Wage and Price Stability, that the Administration is considering using the entitlements fund as part of its armoury to compel compliance with the wage guidelines in the forthcoming pay talks with the Oil Chemical and Atomic Workers, who happen to be the first union to come to the bargaining table since the anti-inflation drive started.

Presumably, Mr. Kahn was hinting that payments from the fund would be withheld if companies granted excessive wage rises. In this case, the cost of crude would rise and squeeze oil company profits.

In the short term, the oil industry is farm more concerned that its major suppliers, like the steel industry, will be unable to keep its prices down. In this case the cost of drilling and oil transmission, the big steel-consuming activities, would go up, only compounding the longer term problems of satisfying the country's voracious appetite for energy.

Lead-free petrol shortages

Producers of lead-free petrol, which must be used by recent model cars in the U.S. are stretching their supplies by cutting the octane rating, AP reports from New York. Supplies are tight for all types of petrol, but the problem is most severe with high-octane lead-free fuel. Shortages and price increases have been partly caused by the oilfield strike in Iran, the U.S.'s second most important oil supplier.

Western unions warned

Trades unions in the West have been warned to beware of co-operating with East European unions in joint action against authoritarian regimes in Latin *America. The International* Federation of Chemical, Energy and General Workers' Unions (ICEF), in Geneva, says affiliates have been cautioned against such campaigns, "which have quite another objective than over-throwing totalitarian regimes," John Wicks reports from Zurich.

Brazilian amortisation

Brazil has raised the minimum amortisation period on foreign loans to eight years from five, the National Monetary Council (CMN) has announced. The move is effective immediately, Reuter reports from Rio de Janeiro.

U.S. energy needs

The U.S. will be relying on windmills, solar energy collectors, and other new and re-discovered technology to help meet its energy needs by the year 2000, the Commerce Department says, AP reports from Washington. But most of the energy needs for the rest of this century will be supplied by nuclear powered and coal-fired electricity generators.

هكذا من الأصل

1. Aberdeen
2. Aviemore
3. Bath Spa
4. Birmingham New Street
5. Birmingham International
6. Bournemouth
7. Bradford Exchange
8. Brighton
9. Bristol Parkway
10. Bristol Temple Meads
11. Cambridge
12. Cardiff Central
13. Carlisle
14. Chatham
15. Cheltenham Spa
16. Chester
17. Colchester
18. Coventry
19. Crewe
20. Darlington
21. Derby
22. Doncaster
23. Dover Marine
24. Dover Priory
25. Dundee
26. Edinburgh Waverley
27. Exeter St. Davids
28. Glasgow Central
29. Glasgow Queen Street
30. Gloucester
31. Hull
32. Inverness
33. Ipswich
34. Kilmarnock
35. Leeds City
36. Leicester
37. Liverpool Lime Street
38. London Euston
39. London King's Cross
40. London Liverpool Street
41. London Paddington
42. London St. Pancras
43. London Victoria
44. London Waterloo
45. Manchester Piccadilly
46. Manchester Victoria
47. Motherwell
48. Newcastle
49. Newport (Gwent)
50. Newton Abbot
51. Norwich
52. Nottingham
53. Oxford
54. Perth
55. Peterborough
56. Plymouth
57. Portsmouth and Southsea
58. Preston
59. Reading
60. Rugby
61. Salisbury
62. Sheffield
63. Shrewsbury
64. Southampton
65. Stirling
66. Stoke-on-Trent
67. Swansea
68. Swindon
69. Taunton
70. Truro
71. Wakefield Westgate
72. Watford Junction
73. Wolverhampton
74. Worcester Shrub Hill
75. York

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MOTOR INDUSTRY

Austrian joint ventures bid

BY PAUL LENDVAI IN VIENNA

THE AUSTRIAN Government and the powerful holding company for the nationalised sector (OEIAG) are engaged in a number of important negotiations with major foreign car manufacturers about joint ventures in Austria, involving both the manufacturing of components and assembly of cars.

The latest deal was concluded this week with two German companies, Fichtle und Sachs and Porsche Holding of Salzburg, by the Vereinigte Metallwerke Ranshofen-Berndorf (VMW), part of the state-owned Austrian aluminium group. It provides for the setting up of a joint company using VMW's plant at Moellersdorf for the repair and later production of clutches and other parts for the Volkswagen Werke.

The new company, in which Fichtle und Sachs will have a 51 per cent controlling interest, is expected to have an annual turnover of Sch 100m (£3.6m) in the initial phase. The labour force will be 100 which is about half of the plant's present production staff. The project should go on stream in mid-1979.

Meanwhile, the financial director of Volkswagen, Professor Freidrich Thomee announced on account of the listing of the VW shares on the Vienna Bourse that the company will buy next year parts and components from Austrian companies to the tune of Sch 1bn. The Austrian car registration statistics for January-September this year show that Volkswagen continues to dominate with a market share of 21.1 per cent.

Earlier this year, the Austrian Chancellor Dr. Bruno Kreisky made some acid remarks about VW and Porsche which after initial encouragement had turned down Austrian proposals for a major joint venture. Austria planned to manufacture a new passenger car under a Porsche licence. Annual output should have been 50,000 units.

But VW refused to negotiate about the involvement of its world-wide sales and servicing network, and in the end the Porsche family also cold shouldered the Austrians, refusing to allow the use of the brand name "Porsche." It was at this point that Austria launched much-publicised talks with other international car companies, such as Chrysler, Mitsubishi and Fiat. In a sense, the publicity also serves as a lever to put pressure on the companies, primarily German, to increase their purchases from Austria.

The Austrian Chamber of Economy has been engaged in talks with Japanese car exporters and manufacturers and it is reported that in the near future Japanese companies will be sending a buying mission to Austria.

In general the Austrians point not only to the presence of a skilled labour force and a long industrial tradition as arguments for setting up subsidiary plants here but also to the excellent labour relations with virtually no strikes.

Austria points to its skilled labour forces and industrial tradition and excellent labour relations as arguments for setting up manufacturing plant.

Though a Viennese popular daily front-paged the news about an impending Ford project in Austria, Government officials are cautious after the disappointing experiences with German companies. They are only willing to confirm that "soundings" have taken place, denying reports about concrete negotiations.

In striking contrast to this restraint, however, the finance Councillor of the Vienna Municipality, Herr Hans Mayr, told the AZ, the Socialist daily, that the project would involve 200,000 Fords per annum and that the total investment costs would reach Sch.11bn with the City of Vienna alone providing Sch1.5bn funds.

Ford spokesmen meanwhile told the AZ that the company never comments on talks before they have reached what he called a "concrete phase."

Hitherto, the largest projects have been concluded by the Steyr-Daimler-Puch Company, Austria's largest motor concern, which in turn is owned by the Creditanstalt Bankverein as majority shareholder. Steyr is already manufacturing a cross-country vehicle together with Mercedes-Benz.

Recently it signed a major agreement with the German BMW about the erection of a large diesel motor plant in Austria. BMW claims that it is the German car producer with the largest direct imports from Austria which offsets account for 40 per cent of its sales here. Steyr is also engaged in talks with Fiat about the possibility of assembling Lancia models in Austria.

In anticipation of an upward revision of the VAT from 18 per cent to 30 per cent on consumer durables, car registrations in Austria reached an all-time peak of 295,000 last year. Volkswagen's share was 22 per cent, followed by General Motors with 16.6 per cent, Ford 11.8 per cent and Fiat 9.6 per cent. British Leyland took only the 12th place.

This year new registrations are likely to reach only 150,000. Imports during the first nine months this year were down compared to the same period last year 40 per cent in value. The number of new cars on the road also dropped from 189,000 to 114,000.

The downward trend in car registrations clearly contributed to the easing of pressures on the external payments balance. Without the fall in car imports, the deficit on current account could not have been slashed to Sch 11.6bn between January-September this year from Sch 28.5bn in the same period in 1977. However car importers are reckoning that on a "normal" level of imports next year—a total of 210,000 imported cars.

Liberia to counter trade unions

By Ian Hargreaves

HONG KONG, Nov. 23.

LIBERIA IS to draw up a programme of action to counteract the effects of a trade union campaign against flags of convenience. Mr. Gerald Cooper, the African State's Maritime Commissioner, said here today that his Government was no longer prepared to do nothing as the International Transport Workers' Federation boycotted and blockaded Liberian ships all over the world.

Speaking at a sea-trade conference here, Mr. Cooper said he was in the middle of a global tour of shipping centres in order to hear from shipowners their views about developments in Liberian maritime policy. In the Far East, Mr. Cooper has also been involved in canvassing support for the new Far East committee of the Liberian Shipping Council.

He said reaction so far to the tougher policy initiatives on the union campaign had been encouraging, but privately some Hong Kong owners, who are among the most significant members of the Liberian registry, fear that tough action by the Government could produce an unnecessary hardening of attitudes by the International Transport Workers' Federation.

The Liberians have been particularly annoyed by a recent boycott incident in Britain, involving a ship called the Camilla M. A strong protest has already been sent to the Foreign Office about this matter and Liberia feels strongly that its views are not being taken sufficiently seriously at the diplomatic level.

The Camilla M affair, which involved a vessel being stuck in port for several days, resulted in a court action in which the owners succeeded in obtaining a restraining injunction against the trades unions.

Reuter adds: China may start buying oil tankers soon and begin running container services to Hong Kong and Japan within the next three years, the international shipping conference was told.

Mr. John Main, chairman of Delwell Shipping, told the conference that the tankers would probably be around 103,000 tons. He noted that Shanghai, Canton, Tsingtao and Tientsin all had rudimentary container terminal structures and regular services from them to Japan and Hong Kong could begin within three years.

Indian order for Harrier jets may be worth £100m

BY K. K. SHARMA

NEW DELHI, Nov. 23.

INDIA'S DEFENCE Minister, Mr. Jagjivan Ram, today told Parliament the Government had decided to buy Sea Harriers for the Indian Navy's only aircraft carrier, the Vikrant, but he declined, in the interests of security, to give the number of the aircraft to be bought.

The Harriers will replace the obsolete Sea Hawks now in service with the Vikrant which is being modernised.

It is thought that at least 20 Harriers will be bought and that British Government approval for the purchase has been obtained.

Mr. Ram also said India has received offers from a number of countries including the Netherlands, France, Italy, Sweden and West Germany for supply or collaboration in the construction of submarines. The Government is studying the offers in the light of its decision that submarines should be built in India.

Michael Donne writes: The Indian Navy deal is likely to be worth over £100m for British Aerospace for 20 Sea Harriers, including spares. It follows the recent decision by India to buy the Jaguar land-based strike aircraft for the Indian Air Force, with eventual manufacture in India.

The Sea Harrier is the latest version of this jump-jet combat aircraft, now under development for the Royal Navy's latest class of anti-submarine cruisers, the first of which, Invincible, is nearing completion, with a second, Illustrious, under construction.

● India and the European Economic Community have agreed to jointly undertake construction of industrial and other projects in third countries. Indian construction and consultancy companies and those of member-countries of the EEC will meet in Brussels early next year to discuss details of collaboration arrangements.

The matter was discussed during the recent meeting of the Indo-EEC Joint Commission held in Brussels. The Indian team to the talks was led by the Commerce Secretary, Mr. Krishnaswamy Rao Sahib. The proposed meeting between the companies is expected to identify complementarity on both sides. After that, joint bidding for suitable projects in other countries, notably in the Middle East and Africa, will begin.

The limited collaboration between Indian and European companies so far is said to be due to the fact that EEC members were not aware of the capabilities and technical expertise developed in India in recent years. These capabilities have now been recognised.

EEC finalising view on Spain

BY GUY DE JONQUIERES

BRUSSELS, Nov. 23.

THE European Commission plans to approve and publish next week its formal opinion on Spain's application to join the Common Market. This step should pave the way for the opening of negotiations with the Spanish Government by next summer or early the following autumn.

The Commission has acted more rapidly than had been expected. Only a few months ago, it was suggesting that it would be unlikely to have the opinion ready much before next spring. Its decision to accelerate procedures is clearly intended to prevent the enlargement process from running out of steam and, in particular, to ensure that the Spanish application does not lag too far behind that submitted by Portugal, with which entry negotiations opened last October.

Several EEC governments are concerned that if Greece, Portugal and Spain all entered the Community at different times, the disruptions resulting from three separate admisssions would seriously impair its functioning.

For this reason, the idea of Portugal and Spain entering the EEC simultaneously is gaining ground in European capitals. Dr. David Owen, the British Foreign Secretary, suggested recently that their accession might take place as early as the start of 1982, though this implies that in both cases negotiations will be completed more speedily than with Greece.

There has been no suggestions so far that Greece's entry should be held back until the other two negotiations are finished. Athens has consistently emphasised that its case should be handled quite separately and firmly expects to be admitted by no later than the start of 1981.

The commission is expected to argue in its opinion that Spain's application poses bigger potential problems than those of the other two candidates. Not only is its population of 35m almost double those of Greece and Portugal combined, but it has a much larger agricultural sector and is more heavily industrialised.

Both France and Italy are already concerned that farm exports from Spain will aggravate the problem of their own Mediterranean producers, while Spanish industry is regarded as a serious competitor on several major export markets, notably cars and steel.

European Court upholds British coins regulations

BY A. H. HERMANN, LEGAL CORRESPONDENT

BRITISH REGULATIONS restricting the import of Krugerrands and the export of silver coins minted in the UK do not infringe EEC Treaty rules on free circulation of goods, the European Court decided yesterday in a judgment given at the request of the Canterbury Crown Court.

The case concerns a criminal prosecution of E. G. Thompson and others, accused of fraudulent evasion of UK customs regulations by the export of silver alloy coins for smelting in Germany and the importation of Krugerrands.

The judgment means that the accused have no defence under the EEC Treaty. More importantly, it represents a defeat of the stand taken by the EEC which has asked the court to rule that Kruegerrands are "goods" and as such should be allowed to circulate freely within the Common Market and that the same applies to UK silver coins which are no longer legal tender.

The European Court has endorsed the view expressed in the Observations made on the case by the British Government that the gold and silver coins are not "goods" but "capital" and as such are not subject to Articles 30 and 37 of the Treaty.

No indication of lifting of Iraq trade embargo

By Patrick Cockburn

ALTHOUGH THE Foreign Office is anxious to cultivate good relations with Iraq there are no official indications from Baghdad that the trade embargo on new business for British companies will be lifted. It is still being enforced by a committee in the Planning Ministry and has had a major impact on British trade with Iraq. Though there are some indications that the Iraqis might be prepared to soften their stand on trade, there is no indication of when the embargo might be lifted.

UK rubber group in U.S. venture

By Kenneth Gooding

AVON RUBBER is the latest UK group to be attracted to the U.S. because of the growing demand there for front-wheel drive cars.

Avon Industrial Polymers, part of the Avon group, has linked with the Ames Corporation of Hamburg, New Jersey, to form a joint venture company which will make a range of injection moulded transmission boots and rack seals.

Production by the new company, called Ames-Avon Industries, in which Avon has a 49 per cent stake is expected to come on stream in September 1979. Ames has a brand new factory from which the concern will operate and Avon's contribution will be capital equipment worth "a few hundred thousand pounds" and many years of expertise in the manufacture of European-style components.

Ames-Avon is the second joint venture arrangement between the two companies. Five years ago Avon-Ames was set up and operates within the Avon group's Melksham, Wiltshire factory making rollers for high-speed reprographic machines using technology provided by Ames. Avon has 51 per cent of this concern.

Call to increase biscuit exports

By Our Consumer Affairs Correspondent

A CALL to increase Britain's biscuit exports by half to compensate for limited growth prospects in the £479m home market is made today in a report published by the National Economic Development Office.

The report, prepared by the biscuits sector working group of the Food and Drink Manufacturing Committee, puts forward proposals for unions, management and the Government to help the export drive.

Management is asked to give higher priority to export; trade unions urged to join management in improving productivity, and the Government pressed to seek the abolition or reduction of the EEC's monetary compensation amounts, which regulate differing raw material price levels on biscuits.

Biscuit consumption in the UK per head of population is believed to be the highest in the world with 581,000 tonnes produced for the home market in 1977. Only 2 per cent of UK consumption was imported whereas 13 per cent of home production was exported.

Saudi trucks contract

Leighton Buzzard Ltd. has announced that a subsidiary has been awarded a £20m contract by the Saudi Arabian Ports Authority to supply lift trucks to the west coast ports of Jeddah, Yenbo and Jizan for the next five years.

AP-DJ

Expansion of electronics in Scotland

BY RAY PERMAN, SCOTTISH CORRESPONDENT

MOTOROLA, the American electronics manufacturer, plans to use spare capacity at its East Kilbride manufacturing plant in Scotland to export microprocessor chips to fast-growing markets in Asia and the Pacific.

Up to now the factory, which exports 80 per cent of production, has supplied the UK and Europe, but a £7.6m extension, opened yesterday, will give it more than adequate capability to meet expected growth in these near markets. It also enables Motorola to double output of N-channel metal oxide semiconductors, used for advanced microprocessors and memories.

Dr. Melvyn Larkin, chairman of Motorola's UK subsidiary, said the Far East represented a vast new market, possibly accounting for 30 per cent of world demand.

"We will be manufacturing products to be sold to our sister companies in the Far East. I can consider this a very important part of our work and of the UK's export drive because it helps to counter some of the inflow of finished products," he said.

HOME NEWS

Fastener industry appeals to EEC

By Hazel Duffy, Industrial Correspondent

MR. ALAN WILLIAMS, Minister of State for Industry, told representatives from the industrial fasteners industry yesterday that the Government will raise the matter of cheap imports of these products with the European Commission.

The British Industrial Fasteners Federation wants the Commission to include products which are made entirely from steel—such as nuts, bolts and screws—within the Davignon Plan for regulating steel prices.

Imports of these items, and particularly of those made from stainless steel, have increased dramatically in the past year or so, mainly from EEC countries. The industry alleges that manufacturers there are able to take advantage of cheaper steel which seems to have evaded regulations in the Davignon Plan.

The industry is also under pressure from imports of nuts and bolts from the Far East, particularly Taiwan. It points out that a large part of the United States market for industrial fasteners has been usurped by Far East imports.

GKN has already announced that two of its factories in the Midlands will close by the end of December because of insufficient orders, making 280 workers redundant.

The meeting with Mr. Williams was the first the industry has held at ministerial level. The delegation included two MPs—Mr. George Park (Coventry), chairman of West Midlands group of Labour MPs, and Mr. Bruce George (Walsall S.)—whose constituencies are in areas which are hit by mounting imports. Further meetings between industry representatives and the Department of Industry will follow.

COST TO STATE OF TAKEOVERS

Aircraft and ships payout reaches £151m

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

FURTHER PAYMENTS of £37.7m to aircraft and shipbuilding companies' stockholders as compensation for nationalisation were announced by the Government yesterday. They bring to £151.15m the total compensation paid to date.

Mr. Gerald Kaufman, Minister of State for Industry, announcing the latest payments on account yesterday, said they would be made through the issue of Government Stock by the Bank of England as soon as possible.

The biggest payment on account announced is that of £30.35m for the take-over of British Aircraft Corporation, which was owned by Vickers and General Electric. This brings to £40m the compensation so far paid for nationalisation of the Corporation.

The next largest payment, £3.2m, is on account of Vickers Shipbuilding Group, bringing total compensation paid so far for that group to £8.45m

A payment of £400,000 is also included on behalf of Scottish Aviation, owned by the Laird Group, bringing compensation to date for that company to over £1m.

The other payments in the list cover compensation for shipbuilding companies taken over by the State, including Brooke Marine, Cammell Laird Shipbuilders, Hall Russell, Hawthorn Leslie (Engineers), John G. Kincaid, Scott Lithgow and Scott Lithgow Drydocks, Vosper Thornycroft, and Vosper Shiprepairers, and Yarrow Shipbuilders and Yarrow Training.

The latest payment of £37.7m brings to £58.35m the total compensation for all the companies mentioned.

The compensation is being settled by agreement between the Secretary of State and the stockholders' representatives appointed in respect of each company by the former shareholders with recourse, if necessary, to arbitration.

Volvo plans £2m expansion to boost UK sales

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

VOLVO IS to spend up to £2m on expanding the facilities of its car-importing subsidiary in the UK, where it believes it is poised to make dramatic progress.

Dr. Jim Maxmin, aged 36, an American whose appointment as chief executive of Volvo Concessionaires, the importing concern, was announced yesterday, said that the group expects to sell 35,500 cars in Britain next year compared with 29,000 this year.

Hopes for increased sales are pinned on the small 343 model, prospects for which have been transformed by the introduction of a version with manual gearchange.

Previously the 343 has been available only with the Variomatic automatic gearchange that Volvo inherited when it took over Daf Cars of Holland.

Volvo expects 343 sales to reach 11,000 next year against 5,700 this year and 5,400 last year. Sales of the larger 200-series models are predicted to rise from 23,000 in 1978 to 24,500 next year.

If the forecasts are met, Volvo's market penetration in the UK, its best export market apart from the U.S., will exceed 2 per cent.

Model changes in the early 1980s should consolidate the position. For example, by 1981 Volvo should be selling 20,000 343s, by then available with three- or five-doors and a variety of engines and specifications.

However, Dr. Maxmin emphasised that Volvo was increasing the purchase of components from Britain for cars and trucks. So far this year, components worth £89m had been bought, compared with £70m all last year.

The number of individual suppliers had risen from 228 to more than 300 in the past 18 months. "For many of the smaller companies, Volvo is their biggest customer, contributing greatly to the stability of their labour force," Dr. Maxmin said.

With Volvo production in Sweden and Holland expected to increase 16.5 per cent to 263,000 units this year and 300,000 next year, the potential for suppliers is for steady, stable demand.

Volvo Concessionaires is increasing its sales force, expanding the dealer network from 220 to 260 by 1982, and adding service points in some areas.

Up to £1m will be spent at the Ipswich plant where Volvo vehicles are prepared for the UK after import; a £200,000 expansion is planned for the parts centre at Crick, Northamptonshire; and £750,000 will go on Volvo's retail outlets in Sheffield, Bradford, Streatham, and St. John's Wood

BBC pleased with big switch

Financial Times Reporter

THE BBC was congratulating itself yesterday, on its change of radio wavelengths.

It took engineers little more than five hours to switch 109 transmitters to the new wavelengths.

But Britain was ready, after the corporation's £400,000 publicity campaign.

The BBC said of the thousands of calls it received about three-quarters were complimentary. Most criticism came from Radio 3 listeners for whom the switch, in some areas, has meant a deterioration in medium wave reception. The BBC has suggested Radio 3 listeners should tune in to VHF.

Problems

The biggest problem yesterday was that the Brookmans Park transmitter in Potters Bar, Hertfordshire, failed and Radio 2 was off the air in the London area until after 7 am.

The changes by the BBC followed an international convention. When the BBC was given its allocation — which mostly meant keeping its original wavebands—it decided on changes which it said would provide the best possible service.

With the possibility of a television licence fee rise and, therefore, a possible pay rise, engineers showed no signs of carrying out a predicted strike which would have upset the big change.

The licence fee increase will probably be announced by the Home Office within a few days.

● The IBA is to advertise for applications to operate independent local radio stations in Cardiff and Coventry "within the next two weeks," it was announced yesterday. The closing date for the applications will be about ten weeks later.

Nuclear turbine power plant tenders invited

BY JOHN LLOYD

THE CENTRAL Electricity Generating Board said yesterday that it had put out contracts on competitive tender for turbine generators for the next two advanced gas-cooled nuclear power stations (AGRs). At the same time, it tried to damp down speculation and debate on the technology involved, which it sees as possibly harmful for the power plant industry.

Mr. Dennis Lomer, the Board member whose responsibilities include power station construction, said that the General Electric Company (GEC) and the C. A. Parson division of Northern Engineering Industries had received a competitive inquiry for both a four-exhaust and a six-exhaust generator system.

The turbines are for the AGR stations at Heysham and Torness, the second being the concern of the South of Scotland Electricity Board. The English and Scottish electricity boards are thought to favour placing the boiler contract with the Clarke Chapman division of Northern Engineering although with significant subcontracting work to go to the other boiler-maker, Babcock and Wilcox.

Advantages

"We are satisfied that GEC and Parsons can make four- and six-exhaust generator systems which would be acceptable to both boards," sid Mr. Lomer.

"Until we have received and studied the tenders, it is impossible to make a judgment on which contractor we should choose or whether we should use the four- or six-flow machines."

There has been extensive comment in recent weeks on the merits of the four-flow and six-flow systems, culminating earlier this week in a report that the Central Policy Review Staff—the Government "think tank"—has been asked by the Prime Minister to investigate the relative advantages, and to report to the Cabinet.

It had been understood that the English and Scottish Electricity Boards preferred the six-flow system—at present made only by Parsons, although GEC has made it in the past. They have indicated as much to the Central Policy Review Staff.

However, GEC has refused to enter the fray, and it is understood that Sir Arnold Weinstock, the company's managing director, is annoyed by the discussion in the Press, both because he feels it damaging to poential exports and because he feels that it is a technical argument with issues too complex for public discussion.

Merger

On the boiler side, it is understood that the Central Electricity Generating Board wants to ensure that both Clarke Chapman and Babcock and Wilcox have the technology for construction of advanced gas-cooled nuclear boilers now and in the future. At present, Clarke Chapman has a more fully developed technology for 660-megawatt AGR boilers, while Babcock leads on 660-megawatt coal-fired boilers.

The Central Electricity Generating Board still believes that a merger between the two companies is in their long-term interest, and thus there should be as much technology transfer between the two as possible. Formal merger talks between the two were broken off earlier this year, but it is thought possible that they could re-start.

The Board also believes that the Torness and Heysham power plants should be the first "standard" plants, capable of duplication in future orders.

Engineers' export orders creep up

By Hazel Duffy, Industrial Correspondent

NEW EXPORT orders for engineering have begun to pick up slightly, but the rise has not been sufficient to pull export order books up from their lowest point in the last 18 months.

The increase in new orders during the May-August period was 2.5 per cent, according to figures from the Department of Industry today. Export orders on hand, however, were 2 per cent down at the end of August, compared with May.

The development has halted consecutive falls in export orders that began in late 1976, but at this stage it is too early to assume that the trend has been reversed.

Altogether, new orders rose by 1 per cent during the period, with nearly all the increase in exports.

The trend in home orders, the Government journal, Trade and Industry, says, "has remained remarkably constant (although at a low level) since the beginning of the year."

The home order book has thus firmly consolidated the improvement that began in the third quarter of last year, although it is still 2.5 per cent below the average for 1976.

The slowdown in UK industrial activity generally as measured by the latest index of industrial production would seem to indicate that home orders will not improve in the coming months.

Recent Government and Confederation of British Industry forecasts on export prospects indicate that the modest increase in new export orders for the engineering industry should continue.

Sales of mopeds up by 45%

By Kenneth Gooding, Motor Industry Correspondent

MOTOR CYCLE sales rose strongly last month compared with October 1977. Registrations of mopeds of under 50cc jumped by 45 per cent.

According to Department of Transport statistics today, moped sales increased from 3,997 in October last year to 5,799 last month.

That sector of the market is undoutedly recovering from the distortion caused by legislation requiring moped manufacturers to limit the maximum speed to 30 mph. That took effect on August 1 last year.

The impact may be judged by statistics for the 10-month period, January to October, when registrations of mopeds fell 38 per cent from 81,078 to 50,247.

Sales of mopeds and motor cycles over 50cc have benefited from the fine weather this autumn.

In October, motor cycle (other than moped) registrations were marginally ahead from 14,452 to 14,499.

In the 10-month period, motor cycles over 50 cc increased sales by 1.8 per cent from 153,161 to 156,009.

Fall of 80% in smoke pollution

By Colleen Toomey

SMOKE FROM Britain's factories railways and homes has declined by almost 80 per cent since 1960. This is largely because of the increase in the number of control orders, which have more than doubled in the 10 years to 1976.

Pollution statistics published by the Department of the Environment show that in the 10 years to 1976, the number of premises affected by smoke control orders more than doubled to 7.3m, while the area covered has more than trebled to 680,000 hectares.

Greater London, however, still has a higher level of sulphur dioxide concentration than other areas.

More than 35 per cent of Greater London recorded annual mean sulphur dioxide concentrations of more than 100 micrograms per cubic metre between 1974 and 1976. This compares with only 1 per cent of sites measured in the South-East and a zero rating for East Anglia.

To show just how effective smoke control orders have been, the department points out that people in Central London are now getting virtually the same hours of winter sunshine as people in outer London. In the 1940s, the average sunshine hours a day were about 40 per cent lower.

Disclosure thresholds

By Our Parliamentary Staff

THE GOVERNMENT intends to propose amendments to the disclosure thresholds under the Companies Acts in a consultative document to be published early next year on the implementation of the EEC fourth directive on company accounts and related matters, Mr. John Smith, Trade Secretary, told the Commons.

'Whispering lorry' as quiet as car

BRITISH ENGINEERS have succeeded in producing a heavy lorry which is as quiet as a modern family car.

The whispering 32-ton lorry has been developed jointly by Foden, engine-manufacturers Rolls-Royce and the Government's Transport and Road Research Laboratory.

The project has cost £780,000 and, if the trucks go into regular production, they are expected to cost about 10 per cent more than the present £22,000.

Those involved believe that as the environmental lobby continues to criticise noisy, dirty, heavy goods vehicles, there could be a substantial market in the next decade.

Details of the tough tests on the Foden truck were given yesterday by the laboratory.

Outside noise has been reduced to less than 81 decibels in hard acceleration tests, which is the equivalent of halving the noise from most current heavy lorries and about the same as a saloon car.

Inside the driver's cab, the noise is similar to that inside a family car.

Soviet fails to get Russian silver

SALEROOM

BY ANTONY THORNCROFT

PROBABLY THE finest private collection of early Russian silver, made in Paris in the 1920s, was sold by Sotheby's at Zurich on Wednesday night. It totalled £443,957, well above forecast. Two Russian experts were in the saleroom and bidding, but were successful only in two minor lots.

The Russians were the underbidders in the main item, a large parcel-gilt beaker of 1580, which went for about 10 times its estimate, at £57,522. It was acquired by a member of the family disposing of the collection who will have to pay the 14 per cent buyer's commission.

In Zurich yesterday an auction of icons and Eastern Christian works of art totalled £237,982. The top price of £20,648 for a pair of Royal Doors showing the evangelists was an auction record for an icon. They were bought by Temple Gallery, the London icon specialists.

In London, Sotheby's sold 19th century European watercolours and drawings for £96,239. Laurent paid £5,200, plus the 10 per cent buyer's premium, for a drawing, "Chateau Montorgueil," by Victor Hugo, while Hazlett and Goulden, the London dealers, bought a sketch of a woman in a hat by Adolf Menzel for £4,600, well above forecast.

Also at Sotheby's, pewter brought in £23,614, with top prices of £1,500 for a Charles I flagon of 1630 and £1,300 for a Dutch "Rembrandtkan" of about 1700.

Children's books at Chancery Lane totalled £14,150 on their first day, with a top price of £600 from Quaritch for an alphabet book published in Scotland in 1711.

The silver sale at Sotheby's Belgravia produced £82,764, Koopman paying the top price, £2,400, for a set of 12 Hunt and Roskell dessert plates of 1861.

Christie's sale of English furniture yesterday made £98,843, Lee, the London dealer, paying £7,000 for an English walnut bookcase.

A total of £26,375 was realised in Stanley Gibbons' auction of antique maps. An early-16th-century Ptolemy Atlas containing a double-page, heart-shaped map of the world sold for £6,000.

Manufacturers' capital spending stays high

CAPITAL SPENDING by manufacturing industry remained at a high level between July and September. In the first nine months of this year, the volume of investment (£2.85bn at 1975 prices) was 8 per cent higher than in the same period of last year.

The investment of the distributive and service industries over the first nine months of the year was about 11 per cent greater than in the same period last year.

The problems of the shipping industry are illustrated, however, by the fact that its investment over the first three-quarters of this year (£183m) was only about 60 per cent of that in the same period last year.

CAPITAL SPENDING AND STOCKS
(£m, seasonally adjusted at 1975 prices)

	Fixed Capital Expenditure		Changes in Physical Stocks		
	Total	Manufctrng	Total	Manufctrng	Retailers
1975	7,929	3,522	−1,570	−1,221	−100
1976	7,601	3,345	460	316	13
1977	8,296	3,573	737	442	29
1st	1,988	851	434	235	117
2nd	2,024	879	280	97	4
3rd	2,111	910	−145	−6	−59
4th	2,174	932	168	116	−33
1978 1st	2,156	920	181	38	62
2nd	2,191	960	338	272	128
*3rd	2,201	970	132	69	54

* Provisional. Source: Department of Industry.

Thorn team returns wiser from Japan

BY JOHN LLOYD

IN AN UNUSUAL exercise in management-employee relationships, a team of six trade union representatives and four senior managers from the consumer-electronic division of the Thorn group has just returned from a week-long study of the division's Japanese competitors.

The team discovered that "in many respects such as production techniques, working conditions, industrial relations and attention to quality and reliability, the Japanese were in advance of Thorn Consumer Electronics."

However, Thorn believes that the tour also confirmed that the group's production development programme, over the past few years and for the future, is in line with that of the Japanese.

Almost all of the factories visited were colour television factories, including those of Sony, Toshiba, Hitachi, Sanyo Mitsubishi and Sharp, together with the Technics hi-fi plant.

The main impressions were:

- Industrial relations were marked by an absence of confrontation. Strikes were virtually unknown, and protest often took the form of the workers showing some peaceful sign of disapproval.
- Most plants were better organised than English equivalents, with continuous production and no obvious bottlenecks in supply or maintenance problems.
- Much pre-assembly work was done by sub-contractors outside the factory (though there was a growing tendency to bring in such work, to use spare capacity). This contrasted with British factories, where most pre-assembly work is done in the plant, and explained some of the relatively higher degree of automation in the Japanese plants.
- Most of the Japanese plants were much larger than British plants, some with a production capacity of 1.25m sets a year compared to a British average of 250,000 sets a year. Thus some of the more expensive automated equipment which was effective in Japan would not be cost-effective in the UK.
- Wage rates in the industry were around three times higher than in the UK, while the cost of living was generally double.
- There was some concern among Japanese managers over the possible decline of their markets, and the problems caused in plants where there was a strong tradition of continuous, life-long employment.

Both managers and union representatives emphasised yesterday that while they understood the nature of Japanese competition much more clearly than before, there was little in Japanese industrial relations which could be transposed from its native setting to the UK.

Barristers' pay 'not meeting inflation'

BY A. H. HERMANN, LEGAL CORRESPONDENT

THE AVERAGE net fees earned by barristers increased by 16 per cent between 1974-75 and 1976-77—a period in which the retail price index rose by 44 per cent.

Evidence that barristers' earnings in the years 1974 to 1977 were lagging behind inflation is presented by a remuneration survey published by the Bar Council today. The Bar Council concludes from its figures that the general level of earnings is considerably less for barristers practising in chambers than for those in salaried employment.

There is, however, a wide difference in earnings between those at the top of the profession and those in junior status. In the 1976-77 period the net fees—after deduction of expenses and personal pension premiums but before tax—averaged £8,000 for a sample of 2,038 barristers.

This sample included 201 Queen's Counsels—barristers who have reached the top of their profession—earning on average £19,500 while the average for the 1,837 juniors was only £6,700.

The largest proportion of the sample (37.5 per cent) earned less than £5,000 net. A little over one-third (35 per cent) earned between £5,000 and £10,000. About 20 per cent earned between £10,000 and £20,000 and only 5.5 per cent more than £20,000.

The relatively small number of barristers earning maximum fees is also due to the fact that the top ranks of the profession are depleted by judicial appointments.

The greatest difference between the 1974-75 and 1976-77 patterns is caused by the faster increase in the expenses of practising barristers compared with their gross fees.

Net fees of barristers substantially dependent on legal aid and other publicly funded work have virtually stood still in a period of high inflation.

In addition to some 4,000 barristers in chambers, represented by the sample in the survey, about the same number is employed in the Civil Service, local government, in business or teaching in law schools. The Bar Association for Commerce, Finance and Industry alone has some 650 members, mainly employed as company lawyers.

Help save our coast, plea to Government

AN ACTION committee has been formed to try to persuade the Government to release more funds to help protect the Solway Coast, Cumbria, from erosion.

The committee, set up at a public meeting in Maryport, intends to ask MPs and the Department of the Environment to visit the area.

One of the committee members Mr. James Mitchell, who is also chairman of Maryport Planning Committee, said the main coastal road was threatened, as well as the line of coastal Roman forts and Maryport Golf Club.

'BAC One-Eleven talks'

BARONESS STEDMAN has confirmed in the Lords that negotiations were going on between British Airways and British Aerospace for purchase of up to six BAC One-Eleven aircraft. No agreement had been reached, however.

She told the Earl of Kinnoull (Con) that if there were a breakdown or deadlock in the talks, Ministers would be willing to step in.

Public needs 'index of risks' to make decisions—Rothschild

BY PAUL TAYLOR

LORD ROTHSCHILD last night suggested that Britain needed an easily understandable "index of risks" so that the public could compare then make judgments on what risks were worth taking.

Chairman of the Royal Commission on Gambling, which recently published its controversial report, Lord Rothschild clearly had little difficulty in selecting risk as the subject for this year's Richard Dimbleby Lecture on BBC television last night.

He said that no society was free from risk, but there was little point "getting into a panic about the risks of life" until a comparison could be made between the risks people worried about and those about which they did not worry, but perhaps should.

Lord Rothschild, the first director of the Government "Think Tank," suggested that a list or index of risks and "some guidance as to when to flap and when not" was therefore needed.

More controversially he argued that, since nobody except those personally affected worried about road deaths, the risks of which were 1 in 7,500 per year in 1974, why should anyone worry about risks lower than this—for example the reprocessing of used nuclear fuel on which he made an "informed guess" that the risk was 1 in 100,000.

Lord Rothschild
... a lecture on risks

Armed with a mass of statistical information, he told viewers that the risk of dying of influenza was 1 in 18,000 per year in 1974.

He said that the media should be more critical of the risk claims made by pressure groups. For example, it was 75 times more dangerous to ride a motorbike than drive a car.

New figures on nuclear power stations suggested that the risks of nuclear power had been exaggerated

Rail chairman backs Channel Tunnel

BY LYNTON McLAIN

SIR PETER PARKER, chairman of British Rail came out strongly in favour of a Channel tunnel, yesterday.

The Continent had been isolated for far too long, Sir Peter, the former chairman of Rockware Glass, told members of the Glass Manufacturers' Association at their annual lunch in London.

The estimated cost of £600m to £700m for a single bore tunnel, now the subject of a joint study between BR and French Railways, was modest compared with other transport investments, he said, adding that the tunnel would be the first true manifestation of the European ideal.

The tunnel was to be discussed by the EEC Council of Transport Ministers meeting in Brussels yesterday.

At the meeting, Mr. William Rodgers, Transport Secretary, was expected to favour investment in a tunnel.

The project, however, would have to compete for Community funds with proposals for a bridge across the Messina Straits between the Italian mainland and Sicily and possible new tunnels under the Alps

Woolworth plans £17m City store development

By Christine Moir

WOOLWORTH is planning a £17m redevelopment of its store in Cheapside in the City of London. The scheme will be considered by the City Corporation planning committee on Tuesday.

Woolworth is asking for 59,166 sq ft of offices and 7,764 sq ft of shops. The Cheapside premises will be totally rebuilt but the company would not comment yesterday on whether the new development would include a store of its own.

Assuming a rent of £16 a foot for the offices and £12 for the shops, the project would have a theoretical capital value of about £17m. However, the freehold is shared by Woolworth and Legal and General Assurance.

Bentley miners halt working

MINERS at Bentley Colliery, Doncaster, where seven men were killed and 17 injured on Tuesday, when their underground train came off the track, have stopped work until after the funerals next Monday and Tuesday.

The National Coal Board said yesterday that there had been a very limited turn-out on Wednesday's shift. Most of the men are refusing to go down the mine until they are assured that the underground trains are safe.

Power closures

THE Central Electricity Generating Board is to close a further three power stations in the North-west next year because of obsolescence.

Means test plea

The Child Poverty Action Group called on the Government yesterday to include in its election manifesto a non-means tested social security system.

Coal search

THE NORTHERN Ireland Department of Commerce is to spend £250,000 on drilling for coal near Coalisland, co. Tyrone, starting next month.

Cheaper flights to Brussels

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS is introducing a new cheap excursion fare to Brussels from Birmingham, Manchester and Edinburgh on December 1, which will be up to 40 per cent below normal economy return fares.

From Birmingham, it will cost £57 return to Brussels (against the normal economy return of £95), while from Manchester it will cost £64 (against £103), and from Edinburgh £79 (against £122).

Travellers using the new fares must pay the full amount when the reservation is made, and the return trip must be made within three months of the outward journey (but not before the Sunday following the outward trip). Once made, the reservation cannot be changed.

British Airways said the new fares were in line with its policy of steadily extending cheap fares to European destinations.

Earlier this autumn it announced a series of comparable cuts in fares to several major destinations in West Germany, France and Holland.

- Concordes flown by British Airways and Air France are now officially cleared to land in fog.

Using an automatic flight control system produced by Marconi Avionics of the UK and the French company, SFENA, Concordes have been making automatic landings as a routine operation since 1976.

Now, the British and French airworthiness organisations have approved an extension of this capability, enabling Concordes to use their automatic landing equipment in much more severe weather, such as fog.

Known as "Category III Weather Minima," this means that Concordes can now land when visibility for the pilot is restricted to 250 metres at the beginning of the runway and the "decision height"—the height at which a pilot must break off his approach to land if he cannot see—is as low as 15 feet.

The effect will be to enable Concordes to maintain operations when many other types of airliner are grounded. Fog is a persistent problem at Heathrow, Paris and New York during the winter, and these are the routes on which Concorde is busiest.

Ford deal sanctions 'would be illogical'

FINANCIAL TIMES REPORTER

GOVERNMENT-IMPOSED sanctions against the Ford Motor Company would be an outrageous abuse of power and quite illogical, Mr. Jan Hildreth, director-general of the Institute of Directors, said yesterday.

The Government "should come clean and accept the fact that its pay policy is now unworkable," he said after the Ford workers' decision on Wednesday to acept the company's 17 per cent deal after nine weeks' lost production.

"All the hints are that the Government intends to apply sanctions to the Ford Motor Company for not falling into line with the 5 per cent guideline. But is is only a guideline; it is not a policy sanctioned by Parliament.

Ford had broken no law. It had not abused its power. "If the Government now chooses not to buy Ford motor cars, that is its privilege. But if it chooses to use the Price Commission's power in an attempt to batter Ford into submision, it is abusing its powers.

"The Price Commission was not established by Parliament for a limp Government to use on a whim to back a policy which it dare not ask Parliament to support."

The Government had ordered about 20,000-30,000 vehicles from Ford last year, worth about £100m. To choose not to buy from Ford could only be seen as vindictive.

The dispute, which ended on Wednesday, cost Ford lost production of 117,800 vehicles, worth £450m.

Sterling growth guideline 'means tightening policy'

BY DAVID FREUD

THE RECENT money supply guideline, allowing growth in sterling M3 of 8½ per cent over the year from October, represents a slight tightening of monetary policy, according to City stockbrokers Phillips and Drew. (M3 is the broader definition of money supply.)

In its latest fortnightly review the firm says that the authorities' evident commitment to the path of "monetary rectitude" has encouraged the gilt-edged market.

The £500m of official sales of gilt-edged stock on the day after the announcement, together with later sales, are likely to offset, according to the firm, the impact on the banking and money supply figures of what was likely to have been a large public sector borrowing requirement in early November.

Nevertheless, even if sterling M3 growth is restrained to £4.8bn, equivalent to the 10 per cent mid-point of the guideline range, this could still mean that domestic credit expansion would exceed the stated £6bn target by £1bn.

The firm argues that domestic credit expansion provides a more reliable indicator of the impact of financial conditions on the market than M3, and that a divergence between the two is possible at any time when the authorities are aiming to hold the exchange rate under pressure.

The evidence of the last six years, according to the brokers, is that the domestic credit expansion measure has been the more relevant to the stability of sterling.

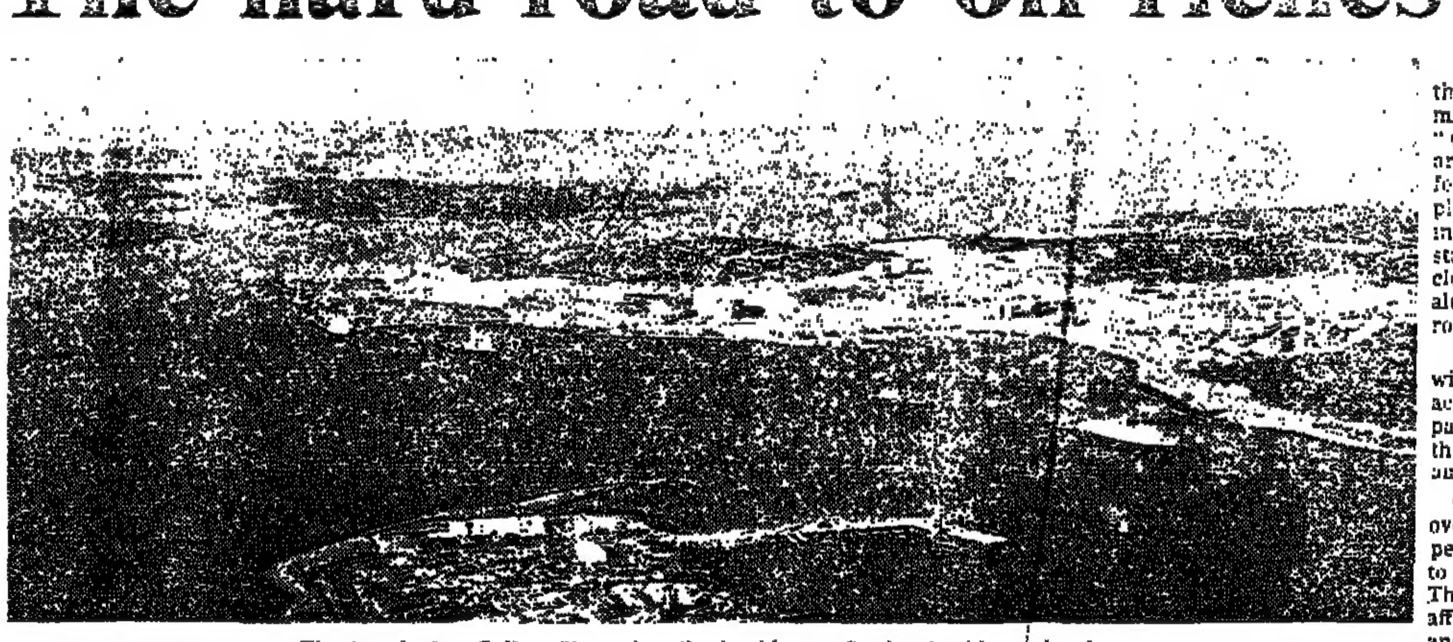
The Chancellor's Mansion House speech, in which he laid stress on the priority attached to a stable exchange rate, was disappointing because such a priority is inconsistent with a monetary guideline in M3 terms.

"This is so because the sterling M3 target may be met solely as a result of official operations on the foreign exchanges aimed at stabilising sterling, without the Government taking the measures in the area of domestic economic policy which would be required to ensure a stable value for the pound independent of official intervention," the brokers say.

ENERGY REVIEW: SULLOM VOE

BY KEVIN DONE

The hard road to oil riches



The terminal at Sullom Voe—the oil should start flowing in this weekend

A NEW ERA in the UK's experience of becoming a major oil producer, beckons this weekend when the first oil is scheduled to flow into the Shetland Islands' terminals at Sullom Voe. This massive construction site, which shares the same latitude as Leningrad and the southern tip of Greenland, is destined to become the biggest crude oil terminal in Europe. By the early 1980s it will be handling more than half of the UK's crude oil requirements.

For more than six weeks oil has been inching its way along the 100-mile Ninian pipeline from the Heather Field to Sullom Voe—a laborious process as the field is currently producing at only 15,000 barrels a day. And on Monday oil destined to reach Sullom Voe this week-end was pumped for the first time into the Brent System pipeline, with 150,000 barrels a day now flowing from the storage columns at the Dunlin Field platform. So after all the delays and wrangling between the oil companies and the Shetland Islands' Council, the stage finally appeared set for production at the terminal to start this week-end.

But life at Sullom Voe is never quite so simple. By yesterday morning 2,000 workers—about half of the construction force—were out on strike in an internal dispute. Pickets had been mounted at the gate making it difficult for production staff to gain access to the site. The strike was short-lived but, more importantly another dispute has broken out between the Shetland Islands' Council and British Petroleum, the terminal operator.

BP was still waiting yesterday to receive its operating certificate from the council to allow it to start accepting the first crude into storage. The immediate source of dispute concerns the lease for the ownership of Sullom Voe which is yet to be negotiated. The oil companies are also in disagreement with the local authority over the rating of the terminal. As much as £6.5m could be at issue. BP, as operator, will become liable to pay rates on the terminal as soon as it comes on stream. The rateable value has not yet been assessed, but the council's estimate earlier this month was that it could be as much as £35m.

Following the precedent set by Occidental on its terminal at Flotta in the Orkney Islands, BP is certain to apply for industrial derating, which could halve the terminal's rateable value. But the council is unlikely to give up such an important potential contribution to its income without a struggle.

On the rating issue the oil companies can be expected to display a united front, but they are falling out with each other over the detailed implementation of the operating agreements for the terminal and the two pipelines. It is hardly surprising that there is less than unanimity in a project which involves more than 30 companies, each with separate interests to protect. In the coming months they must sort out detailed agreements on such thorny subjects as the charges for use of the terminal and pipelines, which companies have access to particular facilities, and how the mix of varying grades of crude from the different fields should be handled.

Lord Kearton, chairman of the British National Oil Corporation which is a member of the Sullom Voe Association, has already urged the Government to cut the number of companies with stakes in offshore oil cessing facilities than labour disputes.

He referred in particular to the "mish-mash of agreements" covering the oil flow to Sullom Voe, which is keeping about 20 staff at BNOC alone fully occupied in negotiations with the different companies. With North Sea projects expected to involve smaller fields, Lord Kearton pointed out that the wide spread of ownership could make the continuing development of the oil province increasingly difficult.

THE EAST SHETLAND OILFIELDS LINKED TO SULLOM VOE

BRENT PIPELINE GROUP	Estimated recoverable reserves (m barrels)	Estimated start-up through pipeline	Estimated peak production ('000 barrels a day)
Dunlin	600	Nov. 1978	150
Thistle	500	Dec. 1978	200
Brent	2,280*	Jan./March 1979	550
Cormorant	110	May/June 1979	60
Murchison	360	Mid-1980	120
THE NINIAN PIPELINE GROUP			
Heather	150	Nov. 1978	50-70
Ninian	1,100	Jan. 1979	360

* Includes 540m barrels natural gas liquids.

Wood Mackenzie and industry estimates.

The task of actually building the terminal, however, has turned out to be a far bigger job than any of the participants realised when the project was first proposed. The original plans were drawn up with Shell acting as the operator for a consortium of oil companies. It envisaged a much simpler terminal with only rudimentary gas processing facilities. The terminal was to be built in two years with a construction workforce peaking at 1,200 in mid-1975 at a cost of £250m.

But as with so many projects associated with the North Sea, the oil companies underated the complexity of the construction task. The design of the terminal has since been radically changed, the cost has risen to more than £800m and could still go higher and the workforce is only now reaching something like its peak. There is a total payroll of nearly 6,000—and the number could stay this high through most of next year.

About 80 per cent of the total workforce is on site at any one time, most of whom are housed in two construction villages. However a converted ferry, which once saw service on the channel crossing between the North and South Islands of New Zealand—is also moored nearby giving accommodation to about 320 workers. Despite the labour dispute which blew up yesterday, and was quickly settled, labour relations have been surprisingly good at Sullom Voe and productivity has probably bettered the performance of most other major construction sites in the country.

The problems of building the terminal have centred much more on disagreements over design between the companies and the Shetland Islands Council and the complexity of the processing facilities rather than labour disputes.

The job of operator for the terminal was handed over to BP towards the end of 1975 when Shell was deeply embroiled in the development of several fields in the Brent area offshore. Two things then happened to make sure that the terminal would never be finished according to the original schedule. The oil companies realised that the design was inadequate for the task and set about redrawing the original plans. And the Shetland Islands Council, which in 1974 had acquired extensive powers for controlling oil developments onshore, decided that the crude oil storage should be underground rather than above ground in tanks.

After many months of negotiations the council finally gave way on this point, but not before BP had agreed to make a new design for the gas processing facilities, which called for one integrated plant to handle the gas from both pipelines. Previously the oil companies had been planning two separate plants.

The result is that the terminal is as yet only about 40 per cent complete. It is ready to receive only crude oil that has already been stabilised offshore at the production platforms. This means that the natural gas and the liquid petroleum gas that will eventually be extracted at Sullom Voe, will, in the meantime, be used offshore for power generation, re-injected into the oil reservoir or flared into the atmosphere.

A crash programme of work this year has ensured that the minimum facilities for receiving "dead" crude at Sullom Voe are complete. These include four of the 15 storage tanks planned, two of the tanker loading jetties, part of the power station, effluent treatment and clean-up and emergency services along with a temporary control room.

The gas processing facilities will not be finished before 1980 according to BP, and some of its partners in the project feel that this date could still be a little ambitious.

Gas flaring will be at its peak over the next 18 months—the period from pipeline start-up to processing unit completion. The fields that will be most affected are Heather, Ninian and Cormorant. According to stockbrokers Wood Mackenzie, flaring from these fields alone in the first half of 1980 could waste gas worth as much as £20m. The Government has adopted a much tougher attitude in recent months to granting flaring permission, but until Sullom Voe is completed there appears to be little alternative apart from shutting down the fields. The amount of oil production that would be delayed from the beginning of 1979 to mid 1980 by such order could be worth in the region of £900m, say the stockbrokers.

Until this weekend the need to confront the problem of flaring had been postponed because delays offshore had equalled the delays at Sullom Voe. But over the next few months the Government will have to decide whether the need for greater oil production outweighs the loss of the gas.

By early 1981 with the gas-processing units in operation these problems should be in the past and Sullom Voe will then be capable of handling 1,390,000 barrels a day of crude. The processing facilities will be able to extract the gases from the crude to stabilise it for safe-loading into tankers. The gases will then be liquefied and stored before they too are shipped out in special gas carriers.

When Shell ships out its first tanker load of crude in the next two weeks to its Teesport refinery, the oil companies involved at Sullom Voe will breathe a heavy sigh of relief that the oil is finally flowing. But the celebrations will be muted as they survey a construction project on which up to 60 per cent of the work is still to be completed.

CONTRACTS

Big order for phone dials

EMI SOUND AND VISION EQUIPMENT (division of EMI Industrial Electronics) has won Post Office orders worth some £2.75m for the supply of telephone dials. The company will make the dials at Treorchy, South Wales. Delivery will commence in April.

★

GOUGH COOPER AND CO., Dartford, has won three homes contracts together valued at £2.3m in the Leicester area. Largest is a £1.3m redevelopment at Vann Street consisting of 85 family houses, 54 flats, roads and other external work.

★

Cambridgeshire County Council has accepted the tender from A. MONK AND CO. for constructing the bypass to St. Ives, close to Huntingdon. Valued at £1.9m the work will be mainly through a rural area east of the town, linking the A1123 with the A1096.

★

The Shellabear Price division of BIWATER SHELLABEAR, responsible for the group's earthmoving and heavy civil engineering activities, has been awarded three contracts worth a total of £1.8m. The work is at Thamesmead (Lake II extension) Rassau Industrial Estate, Ebbw Vale, and Texaco's refinery near Pembroke.

★

A fixed price contract worth over £1.25m for building 68 houses at Billericay for sale by Basildon Council has been won by TRI-STAR DEVELOPMENT CO., an associate company of Globe Construction Company, Felsted, Essex.

★

Trailer rental company, Transport International, Poole, has placed an order with CRAVEN TASKER (ANDOVER) for 40 ft and 20 ft skeletal trailers and Tautliner trailers worth £750,000.

★

HADEN YOUNG (part of the Haden Carrier Group) has won contracts totalling £700,000 to design and install engineering services in two office blocks in High Holborn, London.

★

HENRY BALFOUR AND CO., Leven, Fife, has won an order to supply Bass Production at Burton upon Trent, with the first experimental brewhouse to be installed in the UK since 1964. This is a complete miniature brewery capable of working from dry grain through to finished beer. The work is valued at around £400,000.

★

The Albert Mann division of WELLMAN MECHANICAL ENGINEERING has an order worth over £250,000 from Anglesey Aluminium Metal to supply a Loma/Mann billet sawing installation, with automated mechanical handling systems. This unit will be used to meet the increasing demand for aluminium billet produced by Anglesey Aluminium at the Holyhead plant.

★

RIVERS MACHINERY, Winchester, has an order worth £100,000 from Kirkstall Forge, Leeds, for six automatic bandsawing machines with associated materials handling equipment.

★

TECHNICON INSTRUMENTS COMPANY, a supplier of automated analysis equipment for use in hospital and industrial laboratories, has been awarded two contracts worth £340,000. The first order is a £200,000 contract for a system for the Hadassah hospital, Jerusalem, while the other comprises four systems for IKA (Social Security Organisation of Greece) worth £140,000.

★

AUTOMATIC OIL TOOLS SYSTEMS has secured a £517,000 contract for an automated flow metering system for the Karachi to Mahmood Kot pipeline in Pakistan.

Spirits sales showing rise of 16.6%

BY OUR CONSUMER AFFAIRS CORRESPONDENT

THE UPWARD trend in spirit consumption continued in the third quarter of 1978, according to figures published yesterday, by the Wine and Spirit Association.

The association's latest figures show tax payments on spirits, in the three months ending September this year, were 16.6 per cent higher than in the same period last year.

But other trade sources suggest that the increase slackened in September itself, with tax payments up by only 1.17 per cent for that month taken on its own.

Mr. Peter Hallgarten, chairman of the Wine and Spirit Association, said he expected year-end figures "to show a very satisfactory overall recovery of the market."

He added: "The moving annual totals indicate a rise of at least 10 per cent over the depressed figures of 1977." The moving annual increase so far this year was 7.7 per cent.

Mr. Hallgarten said: "The nine-month upswing of nearly one-third must be regarded as very, very encouraging."

Scotch whisky tax payments, last September, edged up only 1.16 per cent to 1.481m gallons. Total blends made only a 0.5 per cent gain to 1.438m gallons while malts advanced by more than a quarter to 43,000 gallons.

Among other spirits, rum made the best percentage gain in September, with a 10.6 per cent gain to 291,000 gallons. Vodka made a 4.4 per cent gain in September, to 354,000 gallons.

Tory urges financial vetting by directors

BY CHRISTINE MOIR

LARGE PUBLIC companies should be required by law to appoint at least three non-executive directors, whose statutory role should be to vet all financial statements by the company before they are published, says Sir Brandon Rhys Williams, MP for Kensington, who will head the Conservative representatives on the committee on the Companies Bill.

The role of non-executive directors and the function of audit committees formed the key elements in a Private Member's Bill which Sir Brandon unsuccessfully introduced in the House earlier this year.

He intends to press for them to be included in the amendments to the Companies Bill, which will go into Committee Stage on December 5

Sir Brandon tabled a series of amendments which include definitions of "major public companies"—those with assets of more than £100m or employing 10,000 staff — and "large public companies" — any with more than £5m of assets or more than 1,500 employees.

He believes that in view of the forthcoming EEC rules, which will distinguish between obligations of small and large companies, that the proposed Companies Bill should lay the basis for a distinction.

The very largest companies, he believes, should be required by law to appoint at least three non-executive directors whose performance can be publicly monitored.

The best way to do this is to make them responsible for an "audit committee" which would review all the company's financial statements, recommend auditors, and suggest the level of their fees.

A statement that the audit committee has vetted the financial figures should be included in each report and accounts.

More controversial is Sir Brandon's proposal that companies should have a statutory obligation to produce a profit forecast at least once a year, but not for general publication.

He said that the whole structure of companies' legislation had created a "backward-looking view" of companies' performance.

If the UK followed Europe in developing two-tier Boards of directors, the role of the upper tier would be to consider long-term policy.

For this they needed an estimate of the company's future performance, which should be examined by the auditors on the same basis as profit forecasts related to take-over bids.

Wilson criticises power of pension funds

BY ANDREW TAYLOR

SIR HAROLD WILSON, chairman of the Committee on UK Financial Institutions, said yesterday that he had been disturbed to learn of the power and influence wielded by the pension funds — the largest single group of investors in the UK — and by insurance companies.

He said at a conference on finance and credit, organised by the Builders Merchants Federation, that the investment muscle of the pension funds—both private and state might reach a point where the funds controlled both the affairs of British industry and the British economy.

The committee had also been concerned about the question of small companies seeking finance to back expansion. Small companies had an important role to play in terms of employment opportunities and the development of new technology.

Evidence which had been submitted to the committee, particularly from City bodies, had been of a very high quality and he expected the committee to make its report next year.

Viners to make 65 redundant

BY OUR SHEFFIELD CORRESPONDENT

VINERS, BRITAIN'S biggest cutler, is to make about 65 workers redundant, a 10 per cent labour cut, in a programme to improve efficiency and reduce operating costs.

More than 30 further jobs will be saved by retraining at the Sheffield plant, which has taken a lead in marketing and computerisation in an industry still surprisingly reliant on long-established crafts.

The programme includes the formation of a new UK operating subsidiary.

Mr. Leslie Glatman, group managing director, said: "The rationalisation follows a review of the company's activities in the industry which established the need to improve the level of return from capital employed to finance future development. We have got to develop new products and new markets."

A second stage of the programme, products development and market research, has begun.

About half the redundancies affect the shop floor in the more expensive holloware side of the cutlery business. The rest involves staff and management.

Some holloware workers are to be retrained to produce flatware, table cutlery, which Mr. Glatman said was keeping Viners very busy.

The group recently reported a drop in pre-tax profits for the six months to the end of June from £66,000 to £46,000 on a turnover down from £4.8m to £4.6m.

The cutlery industry's two trade associations have submitted a joint application to the Government for a global import quota and help with re-investment, training and a campaign to promote quality British cutlery.

Brick output and deliveries up

BY OUR BUILDING CORRESPONDENT

BRICK PRODUCTION rose to 448m units last month against 428m in September and 436m a year before, according to provisional figures from the Department of the Environment.

October deliveries increased to 481m compared to 467m the previous month and 436m during October last year. At the end of last month, brick stocks stood at 589m—down 34m on September and 187m against October last year.

According to the Environment Department, production in the three months to the end of October was 2 per cent higher than in the previous quarter, but 3 per cent down on the corresponding period a year earlier.

Deliveries during August-October were 3 per cent lower than in the previous three months, but 4 per cent up on a year earlier.

The department said that cement deliveries in the UK averaged 328,000 tonnes a week in October, against 305,000 tonnes the previous month and 309,000 tonnes in October last year.

Shops promise better service

Mr. Gordon Borrie, Director-General of Fair Trading, announced yesterday that he had obtained a court undertaking of better business behaviour from a London chain of electrical appliance retailers.

The undertaking was based on 175 consumer complaints, nine county court judgments and two convictions under the Trade Descriptions Act.

It was given at Bloomsbury and Marylebone County Court by Saray Electronics and its director, Mr. Vashi Gulabrai Tulsiani on behalf of the company's five shops. The company had refused earlier to give voluntary assurances of better behaviour to consumers under Part Three of the Fair Trading Act, 1973.

New Education Bill closes loophole

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

PARENTS' POWER to resist local education authorities' decisions on the allocation of children to State schools, would be weakened by the Government's new Education Bill, published yesterday.

Now, dissatisfied parents can manoeuvre with their local authority into changing the allocation to a school of their choice by keeping the child away until an attendance order is issued, and then invoking Section 37 of the Education Act.

The new Bill would effectively close this loophole, by empowering authorities to declare that any school is full.

In return, the authorities would have to publish annually their arrangements for allocating children to schools, and to allow parents to express their preferences and, if not satisfied, to object to the allocation made.

The authorities would also have a duty to make arrangements for their decisions to be reconsidered in the light of objections. But the Bill does not stipulate what these arrangements should be, or how parents should be guaranteed a dispassionate hearing of their case.

In the last resort, objectors would have a limited right of appeal against the allocation to the Education Secretary.

Among other changes proposed in the Bill is the establishment of two Advanced Further Education Councils—with chairmen and members to be appointed by the Government — respectively for England and for Wales.

These councils would act as central supervisory bodies covering degree-level courses and teacher-training in polytechnics and further education colleges, with power to advise the Secretary of State on decisions they thought necessary.

Industry department details grants

BY JAMES McDONALD

THE DEPARTMENT of Industry has listed offers of £10,000 or more of regional selective assistance under Section 7 of the Industry Act made since July 31, 1974 against which a first payment was made between July 1 and September 30 this year. The total assistance committed was £37.2m., and the amount paid during the three month period was £23.6m.

On a regional basis the largest sum of £21.4m. was committed to the Welsh region. Of this, £20.5m went to Ford at Bridgend. The next largest offer in the area was of £225,000 to Siebe Gorman at Cwmbran.

Foundry scheme

Scotland ranked second among regions in the amount of aid offered with £6.2m. George Outram at Bridgeton received £2m committed, and Nairn Floors at Kirkcaldy, £1.2m (interest relief grant). The bulk of the assistance is for new job creation.

Offers of assistance to the Northern region amounted to just under £5m, with £840,000 committed for Cumberland Fibres, Stanley; £680,000 for DJB Engineering, Peterlee; and £353,000 for Ingersoll Rand, Gateshead.

A total of just over £3m was committed to the North West region, with assistance of £429,000 committed to Plastic Manufacturers, Runcorn; £247,000 to David Brown Tractors, at Leigh; and £211,000 to Chamberlain Plastics, at Skelmersdale.

There were commitments in the Yorkshire and Humberside region totalling nearly £1.4m, with £475,000 to International Harvester at Doncaster and £203,000 to J. H. Walker at Dewsbury.

Under sectoral assistance provided by the Industry Act's section eight, first payments were made between July 1 and September 30, to Nottingham Manufacture (£1.2m committed) under the clothing industry scheme; and to Triumph International, (£443,000 assistance committed).

In the electronic components industry scheme, £713,000 was committed to AEI Semiconductors in the East Midlands.

In the ferrous foundry scheme, in the West Midlands £1.5m was committed to British Leyland Beans Foundry. In the South-West nearly £2m went to R. A. Lister, and in Yorkshire and Humberside, nearly £1.2m to RMI (Bingley).

Under the instrumentation and automation industry scheme, in the Eastern region £600,000 of assistance was committed to Rank Xerox.

The largest assistance committed in the Machine Tool indsutry scheme was £932,000 to BOC, in London and South East region.

Counter-cyclical

Within the paper and board industry scheme, £2.1m assistance was committed to Davidson Radcliffe in Scotland. In the printing machinery industry scheme, Simon-Vk received £1.8m.

The Department of Industry introduced in 1975 the accelerated projects scheme—a selective scheme to promote counter-cyclical investment and modernisation which would not otherwise take place because of the adverse economic climate.

The main criteria were that the projects should be a net addition to the company's capital investment programme; that they would be deferred but for government assistance; and that they should be commercially sound and lead to an improvement in the balance of payments.

The Property Market

BY JOHN BRENNAN

The politics of 'partnership'

PARTNERSHIP is a high fashion word in the property industry today. It is also a highly ambiguous word. The 220 delegates to a major property conference in Bristol this week, organised by the National Association of Pension Funds and the British Property Federation, discovered just how many variations can be played on the partnership theme.

The conference, entitled "Property — Progress in Partnership," sparked a dozen different views of the future relationship between the financial institutions, central and local government, and the property industry. But it was an unspoken political threat that provided a thread of coherence through the different approaches to property partnerships. The threat of Government direction of institutional investment funds.

Few of the speakers made direct reference to Government intervention in institutional investment. But Reg Freeson, Minister for Housing and Construction made it patently clear in his opening address that the Government wants the funds to start pulling their weight in the programmes for inner city renewal. And the minister's suggestion that the institutions earmark a fraction of their investable cash for small, "possibly unglamorous projects in the regions" was speedily taken up by Hugh Jenkins of the Coal Board with his subsequent offer to organise a common fund for inner city investment with his fellow fund managers.

Mr. Freeson did not need to add an "or else" to his suggestion. Fund managers at the conference made it clear that, in addition to following traditional investment criteria they are acutely conscious of the funds' need to be seen to be using their financial muscle responsibly. Greater awareness of the institutions' dominance in the investment market—summed up recently in Sir Harold Wilson's reflective comment that "the pension funds are so powerful they do not know how powerful they are"—has put the funds alongside the property developers in the front line of politics. And so the politics of investment in property provided one reason for, and a rich vein of argument at, the conference.

After the Minister's call for inner city investment, local authority speakers argued the case for funds and developers to accept the positive planning aspects of the Community Land Act and to work in partnership with local planners. Even Hugh Rossi, the Conservative Party's front-bench spokesman on housing and land, accepted the need for significant public - sector involvement in the development process. He spoke of only gradual changes in the existing legislation under a Conservative administration and the retention of Development Land Tax, charged at a lower rate.

No one view of the future of the property industry or of the institutions' role in the market emerged from the conference. At this first public gathering of the major partners in property—the funds, the developers, and the central and local government planners—the speakers trod carefully. Nothing too controversial slipped out, plenty of punches were pulled, and bleaker views of the future were, for the most part, left to the imagination. But a political shadow hung over all the discussions. The funds and the property developers need to present an united, socially acceptable public image or risk the label of irresponsibility that would force intervention by a government of either party. Bristol was a first step towards building that image of an united front.

George Gallup

TALKING OF PARTNERSHIP:— Sir Eugene Melville, Director General of the BPF; Kenneth Smith, from Reed International, chairman of NAPF; Hugh Rossi, MP; David Llewelyn of EPC, President of the BPF; and Hugh Jenkins of the Coal Board, NAPF's Director General of Investment.

The funds' view

"I THINK BY NOW," said Hugh Jenkins, "that the man in the street has become indoctrinated with the idea that Pension Funds rarely buy property on yields better than 4 per cent, and if it yielded any more they would turn it away." Calls for a "long-view" of financing developments, do "in reality mean that on today's figures the scheme is not viable and we should help to make it viable by accepting a lower return."

As the supply of institutional quality property is limited, he dismisses arguments for secondary investments or for a massive expansion of development schemes, and in a tightening market. "The institutions will need to accept that targets can no longer be rigidly laid down for property as a percentage of total portfolios. Today there must be a more pragmatic approach to buying when opportunities arise rather than trying to force the market to produce what is not there."

The larger funds are already avoiding the exotically low yields often discussed. Buying on a 4 per cent yield implies "accepting the continuation of a demanding level of (rental) performance into almost perpetuity," and Mr. Jenkins feels that is "asking a great deal."

London offices may, he feels, suffer from relocation trends. It is unlikely, "to become a centre of empty office buildings." But those who can move will move, leaving essential London tenants "to expand without undue pressure on rental levels." If he were starting his own portfolio from scratch today, "I'd have a very low exposure to office property."

Mr. Jenkins does not see the funds taking over the property developers' role. As completed prime buildings become scarce, "institutions will rely for an increasing proportion of their new commitments upon suitable property development." But, "funds will not run into development indiscriminately . . . for when entering a property development you are acquiring a risk commitment not an investment." If property companies want to enjoy their past development margins and not become mere project managers, they must accept part of the risk. Mr. Jenkins notes, "there is little point in an institution conceding large proportions of the equity if they have to bear the full brunt of any cost over-runs and other financial risks along the way."

Local authorities should, he said, see institutional financing partners as "permanent financiers" with a "strong mutuality of interest." As such he finds "the argument or the reluctance to grant longer leases a little hard to follow . . . I would have thought the local authority would have wanted the comfort and covenant of a pension fund and access to its cash flow for as long as they could get the pension fund to sign up."

Bristol notes . . .

NIGEL MOBBS of Slough Estates put a strong case for the survival of the traditional property company. Excluding private and construction groups' portfolios, the companies still hold £5.5bn of commercial property and have net assets of £3.35bn. That compared with £5bn of property held by insurance companies and £2.75bn held by the pension funds at the end of 1976. A £1bn-plus annual property purchasing programme may mean that institutional takeovers will take companies from the sector. But Mr. Mobbs warned that "buying existing portfolios . . . is never as satisfactory as creating your own. Other people's mistakes always seem more tiresome than your own."

Partnerships between developers and the funds are, he feels, better than funds risking using "own staff or using agents who may well be involved in competing schemes and whose advice could be prejudiced . . ."

He believes that local authorities are not good developers. They "frequently confuse their role as a planning authority with the desire to promote a development, often on a scale that cannot be supported by economic logic." Authorities' intervention in planning and building regulations "may well have resulted in lower standards for higher cost . . ." than overseas where there is a "much higher quality of development than that which we are used to in this country." Artificial restrictions on schemes, he says, give the developer little encouragement to improve building quality.

●

OFF-STAGE remarks and answers to questions from the floor of the conference carried sharper edges than the carefully worded set speeches. Asked about the quality of investment advice from the top half-dozen surveying firms that each act for ten to 20 institutions, Hugh Jenkins confirmed that "The National Association of Pension Funds is concerned" about the situation. . . . [illegible] "have to ask themselves—can they really service the number of funds they have on their books? I sometimes question that."

Where an institution new to the property market asked the Association for advice on whether or not to commission a surveyor with a large number of institutional clients, Mr. Jenkins admitted that he would attempt to "nudge them the other way," to a less committed firm.

Those remarks sparked wider discussion of the scale of the institutions' own business. "How" asked the property manager of a £100m unit linked property fund, "can one man or one investment committee be responsible for a £1bn portfolio?" He felt that the funds' portfolios should be divided into smaller, individually accountable units whose performance could then be measured.

●

BRISTOL proved to be an uncomfortably apt place to hold the conference. Delegates searching for examples of unimaginative post-war reconstruction needed only to stroll around the city centre. And the massed brains of the property world were offered plenty of salutary reminders of the imperfections of the market in the jungle of "To Let" boards that festoon more recent additions to the skyline.

One further geographic gem suggests that an unconscious sense of black humour directed the organisers to Bristol. Next door to the conference centre itself—which, for reasons best known to Holiday Inns is decorated to give an unnerving resemblance to an underground swimming pool—delegates could gaze on a genuine monument to the industry. The Holiday Inn's historic neighbour is the 132,500 sq ft (12,463 sq metres) office scheme started by Town and Commercial and the Anglo Portuguese Bank and taken over after T and C's collapse by Norwich Union. You would have to go a long way to find a better example of fund and developer partnership than that.

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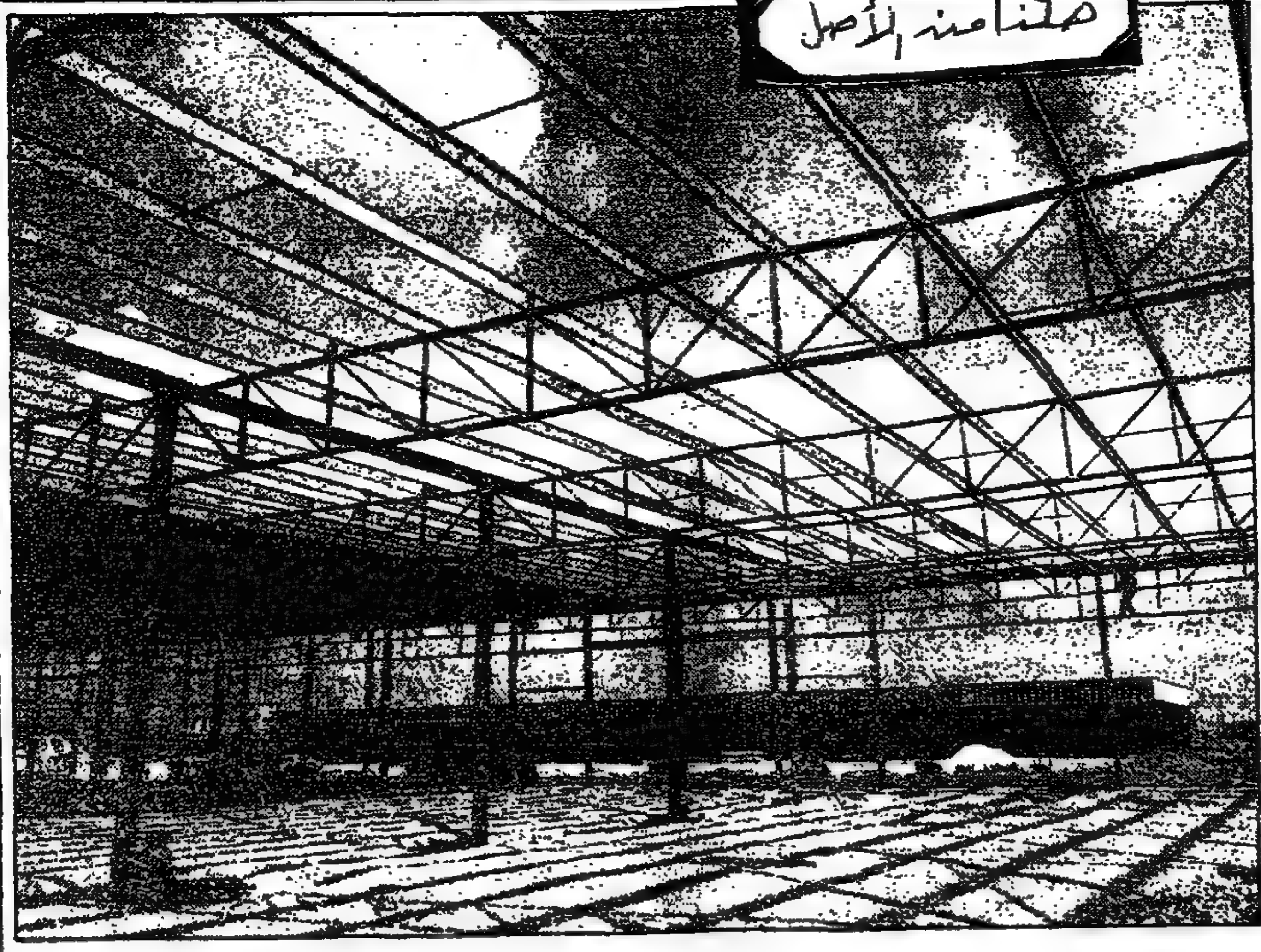

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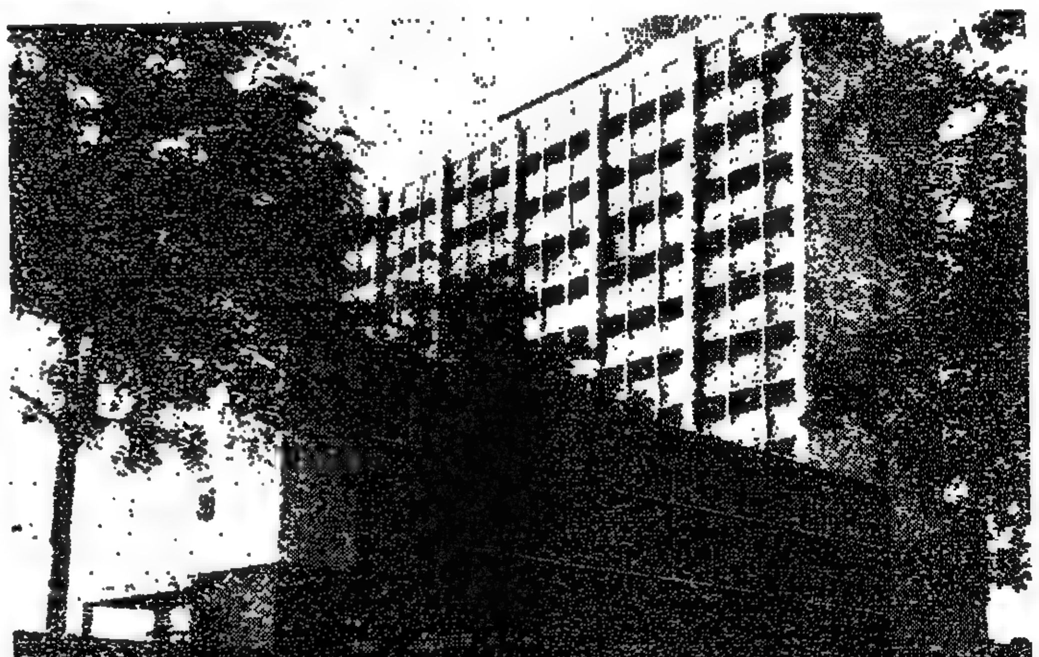

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LABOUR NEWS

Drivers back rail working party

By Our Labour Staff

THE SETTING-UP of a working party to discuss ways of assessing and improving drivers "productivity," was backed yesterday by the Associated Society of Locomotive Engineers and Firemen.

The union will tell the British Railways Board at a meeting of the Railway Staff National Council on Tuesday that the working party must produce a report on the issue on or before a date acceptable to the union.

Southern Region drivers have agreed on a series of one- and two-day unofficial strikes for extra bonus payments.

Mr. Ray Buckton, the union's general secretary, said last night that he hoped the drivers would not take unofficial action following the decision to set up a working party.

The working party proposal was made by management, at a meeting of all three rail unions on Wednesday.

The drivers' union is also prepared to discuss the business performance productivity scheme for the railways, which was the subject of an independent report earlier this month. Management and ASLEF are worried about a number of proposals in the report.

Assurance ends craft strike at Sullom Voe

BY NICK GARNETT, LABOUR STAFF

CRAFT UNIONS have submitted a claim for substantial improvements in the annual pay and conditions agreement covering construction workers at the Sullom Voe oil terminal in the Shetlands.

Employers are expected to reply to the claim, which includes improvements in basic pay, special allowances and conditions of employment, early next month. A settlement is due on January 1.

A large number of craft groups, including welders, steel erectors and electricians, went on strike this week in protest at delays in reporting the employers' response to mass meetings.

Union officials said that they could not give details of the employers' response until mid-December.

Mr. John Baldwin, general secretary of the construction section of the Amalgamated Union of Engineering Workers, said yesterday that he had agreed to allow two senior stewards from the union to attend the pay negotiations.

A meeting of craft workers agreed to return to normal working after that assurance.

● Ferry officers employed by the Orkney Islands Shipping Company, whose two-week-old strike has severely affected ten of the outer Orkney islands, have agreed to resume normal working pending further negotiations on their pay dispute.

The decision came after a meeting between the officers and the company under the auspices of the Advisory Conciliation and Arbitration Service.

An industrial consultant will be brought in to examine the operation of ships on the Orkney North Isles service.

Two cargo vessels, Orcadia and Islander, which have been lying idle at Kirkwall because of the stoppage, are both expected to sail today carrying vital supplies to the outer islands.

Firemen hold talks amid fears of renewed militancy

By Pauline Clark, Labour Staff

FIREMEN'S UNION leaders and employers met yesterday for the second time this week in stepped-up efforts to solve their differences over terms for introducing a shorter working week.

The talks are being held amid mounting fears of renewed militancy by firemen if progress is not made before a recalled delegate conference of the Fire Brigades Union next Tuesday.

Several calls for unilateral action to be taken this month on the 42-hour week were made at the union's conference in Bridlington last October.

The threat is potentially serious because it could lead to a decision by firemen in some stations to refuse to work the extra six hours of the 48-hour week all at the same time. hTis would leave their areas without a fire service for long periods with the same effects as strike action.

The firemen were promised a 42-hour wek sa part of the settlement which ended their strike last winter. Negotiations on terms for implementation of the shorter week have since run into difficulties, and recruitment of extra men to cover the change has been delayed in many areas.

Deadline

An independent report, with recommendations for solving some of the difficulties, was made n September by Professor John Wood, chairman of the Central Arbitration Committee.

One of his main recommendations, that both sides should agree on a deadline for introducing the change, has not been taken up.

It seems likely that employers will resist any pressure for a date to be set before early spring because of recruitment problems, although the union claims that about half of Britain's 63 fire brigades are prepared for the 42-hour week.

The immediate problem centres on the terms of implementing the change. Employers have proposed a three-shift system for fire station cover using fewer men.

They also want more flexibility in the organisation of manning levels, and more routine work to be done by firemen when they are not fighting fires.

ACAS asked to aid in ambulance row

BY OUR LABOUR STAFF

UNION LEADERS in the West Midlands ambulancemen's dispute, which has left the Birmingham area with only an emergency service since last weekend, said yesterday that the Advisory, Conciliation and Arbitration Service had been asked to help.

The city is having to rely largely on the St. John Ambulance Brigade and the Red Cross Society to cope with serious accidents and casualty work. Fears are increasing that emergency patients may suffer badly if the dispute goes on.

The regional health authority suspended 400 ambulancemen last Friday because they refused to lift sanctions that began on November 2 in protest at bonus payment anomalies.

The National Union of Public Employees says that the dispute has developed into a confrontation over Government pay policy, which has prevented the authority from correcting pay anomalies arising from the re-organisation of the National Health Service in 1974.

It is the second serious dispute in the present wage round because of difficulties, arising from the re-organisation, coupled with incomes restrictions.

Hospital supervisors' industrial action disrupted the hospital services nationally until a formula for solving the anomalies was found.

The union's head office has accepted the ambulancemen's request that the dispute be made official and its executive committee is expected to endorse the action at its next meeting.

Mr. Bob Jones, national organiser, said that pay differences that existed before the old area boundaries were changed had never been evened out. Some ambulancemen thus found themselves working in the same ambulance with colleagues of equal status earning up to £6 more.

Journalists pay offer may be 9%

By Our Labour Staff

NEWSPAPER SOCIETY employers yesterday held talks with Department of Employment officials over a provisional pay offer of nine per cent to provincial journalists who are taking industrial action over a £20-a-week claim.

Sanctions being taken by members of the National Union of Journalists, covering about 9,000 editorial staff on provincial newspapers throughout the country, were continuing to disrupt production of some newspapers yesterday.

The Bristol Evening Post is believed to be the only newspaper to have stopped production altogether because of the effects of the sanctions which have been in force for a week.

PA strike

NUJ members employed by the Press Association, the national news agency, staged a lightning five-hour strike yesterday in support of a pay claim.

The action, sanctioned by the NUJ executive, began at 1 pm and ended at 6 pm.

Among five stories affected was coverage of the Jeremy Thorpe committal proceedings, where reporters were instructed by chapel (office branch) officials not to report the afternoon court session.

A limited service was filed by Mr. David Chipp, the Press Association's editor-in-chief.

The management has offered a 10 per cent salary increase under Phase Three of the Government's pay policy, a new grading structure and further talks on a productivity deal. The journalists are seeking improved offers on expenses and allowances and productivity.

Junior doctors urge direct pay talks

BY PAUL TAYLOR

REPRESENTATIVES of Britain's 21,500 junior doctors yesterday put proposals for direct pay negotiations and an independent pay arbitration board to Mr. David Ennals, Social Services Secretary.

The British Medical Association's junior staff negotiating committee said after the meeting that there had been "a good exchange of views" but no firm agreement had been reached. Further meetings with Mr. Ennals are planned, although no dates have been fixed.

Earlier this year, the junior doctors decided to opt out of the existing pay review body system in spite of opposition from other sections of the British Medical Association.

The meeting with Mr. Ennals was aimed at establishing direct pay bargaining procedures coupled with the appointment of an independent arbitration committee—composed of members acceptable to both sides—whose findings would be binding on both sides.

In return for direct pay negotiations, the committee was willing to offer "an understanding" that the junior doctors would not take industrial action.

Initially, the junior doctors' representatives were offering to "give up the right" to take industrial action, although they have now been told that they may not do so under existing employment legislation.

Airport delays expected

INTER-CONTINENTAL passengers at Heathrow Airport are likely to face long delays again today because of a dispute involving 90 Customs officers at Terminal 3. The officers, members of the Society of Civil and Public Servants, are "working to standard" over a claim that they are understaffed in the long-haul terminal.

Layoffs after 12 strike

A WILDCAT strike for a big pay rise by 12 men at a Wolverhampton factory has led to 120 workers being laid off.

The dispute, at Chemical and Carbon Products in Four Ashes, is also threatening massive layoffs among the 1,100 workforce at the Ever Ready battery plant in Wolverhampton.

This is because the Four Ashes factory supplies the battery plant with carbon rods and without them, the company cannot continue production.

Lobby planned over job fears at licence centre

REPRESENTATIVES OF the 5,000 staff at the Driver and Vehicle Licensing Centre, Swansea, are to lobby their MPs over the Government's plan to make the centre smaller when road tax is abolished by 1983.

One local MP is Mr. Alan Williams, Industry Minister, whose department is believed to have opposed the plan on the ground that it would enable small imported cars to increase their market share.

The Civil and Public Services Association at Swansea said yesterday that the worry was not just about the 800 jobs to disappear at the computer centre but about more than 1,200 staff in local taxation offices who would also find their jobs disappearing.

"We regard this action as being inconsistent with the Government's present policy of job opportunities for youth, and work experience programmes."

Although a main argument for abolition of the road tax was the wide extent of evasion, the unions had been pressing for two years for an increase in enforcement staff and for a new strategy to combat evasion.

The plan would increase the costs of all basic commodities carried by petrol-driven vehicles.

The Swansea centre will still maintain registers of drivers and vehicles.

The Department of Transport believes that £20ma year will be saved through staff reductions.

Probe into nursery nurse training urged

THE NATIONAL Union of Public Employees is asking the Government for an urgent public inquiry into the "dreadful" state of nursery nurse training.

The union, which represents most local authority nursery staff, repeated its call for the abolition of the National Nursery Examination Board, the body which sets standards for nursery assistants and nurses, and replacing it with a powerful, national planning body to which nursery staff would be elected.

Mr. Rodney Bickerstaffe, the union's national officer for nursery staff, said: "The urgent need for a public inquiry into the dreadful state of nursery nure training is obvious to all.

"The board appear to be in complete disarray. Many of its professional staff have left, and it has lost the confidence of nursery tutors and students.

"There is much good work being carried out by nursery tutors in classes, but they are battling against formidable odds. Improvements are being made despite the activities of the board, not because of its guidance."

The union has also complained that as a charity the board has no accountability to Parliament, and that its performance cannot be monitored, or its policies controlled

It has written to Mr. David Ennals, Health Secretary, and Mrs Shirley Williams, Education Secretary, urging an inquiry, and will ask for TUC support

PARLIAMENT AND POLITICS

Hughes' Africa mission wins united Commons support

BY PHILIP RAWSTORNE

THE COMMONS united yesterday in its support for Mr. James Callaghan's decision to send Mr. Cledwyn Hughes, former Commonwealth Secretary, to Africa to assess the prospects for an all-party conference on Rhodesia.

Both Mrs. Margaret Thatcher, Tory leader, and Mr. David Steel, Liberal leader, made it clear that Mr Hughes carried their personal confidence in his mission.

Mr. Callaghan told MPs that his decision had been taken after consultations with President Carter.

The Prime Minister recalled that he had said earlier this month that if the conditions seemed right he would be ready to make a personal effort to bring to an end the violence and bloodshed by means of all-party discussions.


MR. CLEDWYN HUGHES

He had now concluded that an attempt should be made to find whether the basis existed for calling a conference in the UK in the New Year, at which he would take the chair.

Mr. Hughes, who would be accompanied by Mr. Stephen Low, U.S. Ambassador to Zambia, had agreed to go to Africa for private talks with all concerned and to advise on the prospects for such a conference.

Mr. Callaghan said that Mr. Hughes would leave early next week for Rhodesia and also hoped to visit the Front-Line Presidents, as well as Nigeria and South Africa.

Mr. Hughes would conduct his talks "with as much privacy as possible," Mr. Callaghan added.

If the conference were convened, the Prime Minister said that Britain and the U.S. would put before it their joint proposals for a Rhodesian settlement.

"We do not set conditions for the attendance of the other participants, but a conference will, in our opinion, be most likely to succeed if we begin with the basic framework which we and the United States have identified following our earlier intensive discussions with all the parties.

"There would need to be a willingness to compromise by all those attending, if an acceptable solution is to be reached," he declared.

Mrs. Thatcher, amid Labour laughter, welcomed the Prime Minister's "speedy response to the initiative proposed by Mr. Francis Pym (Tory Foreign Affairs spokesman)."

The "reconnaissance mission" could be crucial to the future of Rhodesia and the whole of southern Africa, she said. She welcomed the choice of Mr. Hughes to carry it out.

Mrs. Thatcher asked for assurances that the Government would be prepared to consider any proposals that might be made at the conference and would not confine it to the Anglo-American plan.

Mr. Callaghan conceded that Mr. Pym's call for a new initiative had focused his mind on the possibility of a reconnaissance mission.

It was right that the conference should begin with the Anglo-American proposals, he said. "They represent principles worked out after intensive consultations with all parties and refined as a result of subsequent conversations.

"If other proposals come forward which get the consent of all parties and match the principles adhered to by both sides of the House, we shall not stick rigidly to our ideas."

Mr Steel said that the mission would be the last chance for Rhodesia to prevent "a slide into anarchy. We all hope that there is a positive response to his inquiries," he added.

Agreeing, Mr. Callaghan refused to be drawn into commenting on the positions of any of the parties involved. Mr. Bruce Grocott (Lab. Lichfield and Tamworth) suggested that the conference would have to "face the facts that the Patriotic Front has the support of the bulk of the black population of Rhodesia."

The Prime Minister replied that it was generally recognised that the Patriotic Front had a part to play in any settlement. "No one, I hope, will have a veto," he declared.

Mr. Julian Amery, (Con. Brighton Pavilion) said that the conference would be doomed to failure if there were insistence on some of the Anglo-American proposals.

"I do not share your pessimism," Mr. Callaghan retorted. It would be "extremely strange," he suggested, if the Anglo-American approach were now abandoned when there was no agreed alternative basis.

Mr. Hughes was not going to Africa to negotiate but to discover whether a conference would be worthwhile.

Mr. Robert Rhodes James (Con., Cambridge) said that the mission might help to restore a bipartisan policy towards Rhodesia in the Commons.

The Prime Minister agreed: "If the House could speak with a united voice, it would be much more likely to get a settlement in southern Africa and Rhodesia."

He told Mr. Alex Lyon (Lab., York) that Mr. Hughes's main task would be to "assess whether the public statements made by Rhodesian and African leaders are capable of modification in private negotiations."

If there were a desire for compromise, the conference could be arranged, he said.

Replying to Mr. William Molloy (Lab., Ealing N.) Mr. Callaghan said he hoped the mission would result in an end to hostilities but declined to issue an appeal for an immediate cease-fire.

While some believed that armed force was the best method of getting others to the conference table, such an appeal was unlikely to have any effect, Mr. Callaghan added.

Way is paved for Euro-poll

BY PHILIP RAWSTORNE

GOVERNMENT ORDERS were laid before Parliament yesterday for establishing the English and Welsh constituencies for direct elections to the European Assembly next year.

The orders, requiring the approval of both Commons and Lords, would give effect to the final proposals of the Parliamentary Boundary Commissions, published yesterday.

Changes have been made to eight of the 66 English constituencies since provisional recommendations were published in May.

Cleveland constituency will include Richmond (Yorks), and the Durham constituency will take in Easington. Cambridgeshire will include Rutland and Stamford which had previously been part of the Lincolnshire constituency.

The Chilterns constituency is replaced by Bedfordshire, comprising Bedford, Hemel Hempstead, Hitchin, Luton East, Luton West, Mid-Beds and South Beds.

The proposed Bedford and Hertford constituency is replaced by Hertfordshire, comprising East Herts, Hertford and Stevenage, St. Albans, South Herts, South-West Herts, Watford, Welwyn and Hatfield.

London North will include Enfield North and Enfield Edmonton.

London North-East will take in Hackney Central, Hackney North and Stoke Newington, and Hackney South and Shoreditch.

In addition, the proposed Yorkshire Central constituency will be renamed Yorkshire North. No changes have been made in the boundaries of the four Welsh constituencies.

Conservative Central Office will on Mondy complete its official list of candidates for the European elections.

Constituency associations will retain the right, however, to select local candidates and seek their endorsement later.

Housing Bill will aid leaseholders

THE GOVERNMENT is proposing new measures to help leaseholders wanting to acquire the freehold of properties.

Mr. Reginald Freeson, Housing Minister, said in a Commons written reply that suitable provisions to improve the workings of the Leasehold Reform Act, 1947, would be included in the Government's Housing Bill.

He told Mr. Alan Lee-Williams (Lab., Hornchurch), that there were anomalous and unsatisfactory features in changes made in 1974. "We are proposing that all houses to which the Leasehold Reform Act applies will have their freeholds valued on the same basis."

Pay policy stands despite Ford deal–Callaghan

BY IVOR OWEN

IN THE FACE of a sustained Conservative attack against the use of sanctions to enforce the Government's pay policy, the Prime Minister admitted in the Commons yesterday that profitable companies like Ford may be unfairly treated.

But he maintained that the Government had a duty to accord priority to the overriding national interest, and insisted that the 17 per cent package finally conceded by Ford did not mean the end of the 5 per cent guideline.

"We shall fail on some, as we have failed on Ford, but we shall succeed on others," the Prime Minister declared defiantly as he defended the Government's pay policy against all-comers, including Mr. Eric Heffer (Lab., Liverpool Walton), a member of Labour's National Executive.

He again refused to be drawn into saying whether a formal decision had been taken to impose sanctions against Ford, but admitted the possibility of unfairness when the dilemma which the company had faced was sharply spelled out by Mrs. Margaret Thatcher, the Opposition leader.

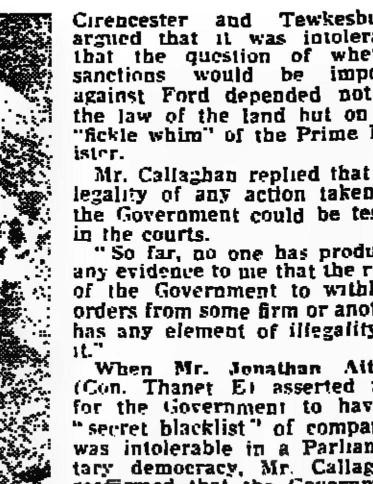
Backed by Tory cheers, she asked: "What is a profitable company like Ford to do when it can afford to pay the increase?

"Does the Government expect it to hold out until it becomes a loss-maker like BL?"

Mr Callaghan retorted that Mrs. Thatcher's reference to BL had exposed her "cloven hoof." She was good at drawing attention to a dilemma but not very good at suggesting a suitable answer.

"I am not saying that Ford does not have a great problem here. But there is an overriding national interest. As far as the Government is concerned the overriding national interest is to keep down inflation, and we intend to take all possible steps to do so."

The Prime Minister claimed that the counter-inflation policy had the "understanding" of the whole country. He told Mrs. Thatcher: "Frankly, when you are in Government it is a question of balancing one unfairness


MR. JOEL BARNETT

against another when you are reaching a decision."

Earlier, Mrs. Thatcher argued that the sanctions policy was unfair, arbitrary and unjust because the decision whether to take action against a particular company was made behind closed doors and there was no right of appeal against it.

How was it possible to justify penalising a company which had already paid dearly for trying to support the Government's incomes policy?

"Against whom would sanctions be directed—the company or those who work for it?" she demanded.

Mr. Callaghan said it was clear that the Opposition did not like action being taken against companies, but the Government thought it was the best policy to apply and would continue to operate it whenever necessary.

He stressed that there was no requirement on the Government to purchase the products of any particular company or group of companies.

The Government would rafrain from making such purchases where it thought it was in the best interests of combating inflation.

Mr. Nicholas Ridley (Con. Cirencester and Tewkesbury) argued that it was intolerable that the question of whether sanctions would be imposed against Ford depended not on the law of the land but on the "fickle whim" of the Prime Minister.

Mr. Callaghan replied that the legality of any action taken by the Government could be tested in the courts.

"So far, no one has produced any evidence to me that the right of the Government to withhold orders from some firm or another has any element of illegality in it."

When Mr. Jonathan Aitken (Con. Thanet E) asserted that for the Government to have a "secret blacklist" of companies was intolerable in a Parliamentary democracy, Mr. Callaghan reaffirmed that the Government had no objection to the companies subjected to sanctions making the fact public

Angry protest came from the Tory benches when Mr. Joel Barnett, Chief Secretary to the Treasury, announced that there were at present 65 companies subject to discretionary action for reaching pay settlements outside Government pay guidelines.

At one time or another, he said, 94 companies had been subject to discretionary action, including 29 against whom such action had now been withdrawn.

● About 500,000 workers have so far settled for wage increases in this pay round within the Government's pay guidelines," Mr. Barnet told the Commons.

Questioned by Mr. Teddy Taylor (Con., Glasgow Cathcart) on whether the Government would advocate the purchase of foreign goods by Government departments in cases where British companies had disregarded the pay guidelines, Mr. Barnet said:

"We completed consideration of the use in Government contracts of clauses relating to pay settlements last March, since when such clauses have been incorporated in new contracts.

"In deciding whether to buy British or foreign-made goods, departments have to take into account all relevant considerations."

Labour calls in ACAS over pay

BY ELINOR GOODMAN

THE LABOUR PARTY is calling in the Advisory and Conciliation and Arbitration Service to arbitrate in its negotiations with its own staff.

This followed a rejection by senior staff at Transport House of an offer which would have apparently given them an increase of 5 per cent now, followed by another 5 per cent in the spring.

The offer, made on behalf of the party's governing body, the National Executive Committee, would, by providing for two increases of 5 per cent within 12 months of each other, have broken the Government's pay guidelines which the party rejected at its conference earlier this autumn.

The Departmental Heads apparently want parity with civil servants and other people in like jobs, such as officials of similar rank at the TUC.

For some, it is understood that this could mean rises of 30-40 per cent. But the employees claim that this would not be a breach of the Government's pay policy, as it could legitimately be dealt with by ACAS under the clauses providing for comparability.

At this week's meeting of the NEC, the staff's claim was taken up by Mr. Dennis Skinner, one of the two Left-wing MPs elected to the Committee for the first time at this year's conference.

He proposed a motion supporting the claim in full and suggesting that if the Labour Party had not got enough money to meet it in any other way, it should use the £100,000 earmarked for the direct elections to the European Parliament and the money to be spent on the referendum campaign.

No other NEC member, however, was prepared to second Mr. Skinner's motion. Instead, Mr. Alec Kitson, the Transport and General Workers' Union representative on the Committee, proposed that the two sides should use the Employment Protection Act and use a joint approach to ACAS.

MPs condemn butter sale

LABOUR BACKBENCH MPs yesterday condemned the sale of surplus Common Market butter to Russia and Poland at knock-down prices.

The protest is contained in a House of Commons motion in which they call on the Prime Minister to redouble his efforts to effect major changes in the Common Agriculture Policy.

Its sponsor, Mr. Tom Torney (Bradford South), chairman of Labour's influential Food and Agriculture Committee, said: "This is a diabolical scandal. This butter is being heavily subsidised by the British taxpayer.

"The Common Market is forcing the taxpayer to fork out to provide cheap butter for Muscovites while the British housewife has to pay the top rate for butter in the High Street."

This demonstrated the "catastrophic" effect of the common agriculture policy on Britain's food supplies.

"The Prime Minister should now do something about it, as he promised in his recent Guildhall speech, even if it means refusing to co-operate with other EEC countries in operating their agriculture policy."

Banking Bill 'will mean big Giro deposit'

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE NATIONAL Girobank will have to pay a large deposit to the Treasury to ensure that it is not given an unfair competitive advantage over the private sector banks when the Government's new Banking Bill becomes law.

This was announced in the Commons last night by Mr. Denzil Davies, Minister of State at the Treasury, when the Bill came up for second reading.

But his assurances did not satisfy Mr. Peter Tapsell, a Conservative Treasury spokesman, who claimed that it would still leave the banks at a disadvantage against the Giro.

Mr. Tapsell also made sweeping criticisms of some of the other provisions in the Bill and saw them as yet another symptom of "creeping Socialism."

He warned that he legislation could put some small secondary banks out of business, ossify the banking system, and make it easier for foreign banks to compete against their British counterparts.


MR. DENZIL DAVIES

The Tories, he said, would have to see what concessions the Government was prepared to make on the committee stage before deciding whether to support the Bill on Third Reading.

The legislation is a belated response to the secondary banking crisis of a few years ago. It proposes that the clearing banks and the secondary banks should come under a new licensing system supervised by the Bank of England.

A fund to protect depositors would be set up and all the banks and lending institutions licensed under the scheme would have to contribute.

The ceiling for the contribution from each institution would be £300,000 and would be based on the number of its depositors.

Representations had been made to the Government by the clearing banks arguing that the Giro would have an unfair advantage if it did not have to contribute to the fund.

Mr. Davis explained last night that Giro customers are already protected by a Treasury guarantee so there was no need for Giro to participate in the deposit protection scheme.

It had been decided, however, that Girobank would have to pay the Treasury a contribution equal to that which it would have paid had it been a member of the fund.

Mr. Tapsell intervened to object that under this proposal, the Giro money would still not be going to the fund but into the hands of the Treasury.

Thus, the whole of the cost of the fund was having to be borne by the private sector institutions.

"If there is going to be a public sector in banking, it must be treated on all fours with the private sector with which it competes," he declared.

Opening the debate, Mr. Davies confirmed that the institutions would not have to pay licencing fees. Revoking a licence was a serious step and would not be undertaken lightly by the Bank of England.

Appeals against the Banks' decision would first go to the Chancellor of the Exchequer who would pass them on to a completely indeppendent tribunal.

The Bill also gave powers for the Bank of England to obtain information, investigate the affairs of an institution and to petition for its winding-up.

But he added: "These are back-up yowers and I would not envisage that they would have to be frequently used."

He estimated that the number of institutions initially authorised would be about 500 and that about half of this number would qualify for recognition as Banks.

"It is not the intention to put small institutions out of business," Mr. Davies assured the House. "Existing institutions will be given every chance to meet the criteria for a licence."

Nor was the system intended to restrict competition—the number of institutions would ensure that. The Bank of England could issue a transitional licence to institutions which were not immediately able to meet the criteria for a full licence.

The Board who would administer the scheme would be headed by the Governor of the Bank of Egland, but as a result of representations, the Government had now agreed that the licenced institutions should also be represented on it.

According to Mr. Davies, the Bill represented "a highly desirable advance in consumer protection and a significant contribution to ensuring the continued health of the financial system."

Action on student finance

THE GOVERNMENT is going ahead with plans on the financing of student unions.

After talks with those concerned, Mrs. Shirley Williams, Education Secretary, in a Commons written reply said that the Ministry will proceed with the suggestion that an upper limit —possibly £15 to £20—should be set on the amount which could be paid through the Awards machinery for subscriptions.

It will be reviewed periodically and could be supplemented from an institution's recurrent grant, following local negotiations.

At the same time, a minimum level of subscription, possibly £1.25 for full-time students, will be recommended in guidance to local education authorities.

"A number of points require discussion and clarification, and we will pursue these with various parties involved with the aim of ensuring that the new arrangements wok fairly and effectively."

'No sign of pay explosion'

BY IVOR OWEN

NO SIGNS of a wage explosion are evident at present, Mr. Denis Healey, Chancellor of the Exchequer, told the Commons yesterday.

He was replying to Sir Geoffrey Howe, Conservative Shadow Chancellor, who recalled Mr. Healey's recent warning that a return to an unacceptably high level of wage settlements would inevitably result in increased taxation, and cuts in public expenditure.

Mr. Healey refused to be drawn into indicating whether, in the event of a wage explosion, taxation would be increased in advance of public expenditure cuts.

Back bench Labour MPs, including Mr. Ron Thomas, a member of the Tribune Group, protested that Government policies such as the recent 2½ per cent increase in Minimum Lending Rate produced side effects, including the rise in mortgage interest rates, which militated against wage restraint.

Mr. Healey conceded that the increase in mortgage interest rates would add something under ½ per cent to the Retail Price Index in coming months.

But he maintained that if the Government had not shown determination to control the monetary aggregates, the increase in inflation would have been much higher and much more damaging to the Government's pay policy.

"I believe that the increase in the MLR will help to control the money supply and keep the monetary aggregates under adequate control so as to ensure that inflation does not rise in the coming year," he stated.

The Chancellor told Mr. Ivor Clemitson (Labour, Luton E) that the increase in MLR had had the intended effect of stabilising market interest rates and led to the re-establishment of conditions in the gilts market in which it was possible to resume funding the Public Sector Borrowing Requirement on a significant scale.

"The possibility of a reduction in interest rates depends largely on the prospect for inflation and therefore critically on moderation in pay settlements in the coming months," he stressed.

Mr. Peter Emery (Con., Honiton) asked how the Government would secure compliance with its pay policy by the nationalised industries, particularly in relation to the claim put in by the National Union of Mineworkers.

Ironic laughter came from the Tory benches when Mr. Healey answered: "You should know that in the nationalised industries, as throughout the public sector, the Government, either as paymasters or as employers, will ensure that the guidelines in the White Paper are observed."

Next week's business

COMMONS

Monday: Debate on Oil spillage. Opposed Private Business.

Tuesday: Second Reading House of Commons (Redistribution of Seats) Bill. Motions on the Employment Protection (Variation of Limit) Order and on the Unfair Dismissal (Increase of Compensation Limit) Order

Wednesday: Debate on the European Monetary System.

Thursday: Second Reading Merchant Shipping Bill. Motion on the House of Commons Members' Fund. Motion relating to the Qualifications of Directors of Social Work (Scotland) Regulations.

Friday: Private Members' Motions.

Monday, Dec. 4: Debate on a Motion to Take Note of Reports from the Committee of Public Accounts.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● OFFICE EQUIPMENT

Microfilming system

COMPLETE EQUIPMENT for the setting up of a full 35mm aperture card microfilming system has been placed on the market *by the Microfilm Products Group* of 3M. It will be of special interest to engineering companies and industrial groups in which drawings and documents up to A0 size are in continuous use, for tools, machines, plans and product definition.

The system is made up of a processor camera, card to card duplicator, reader-printer, consultant reader and a plain paper production printer.

With it, a user can create a miniature film of an engineering drawing and mount it on an indexable aperture card in less than a minute. Meanwhile, multiple copies may be run off at an average rate of eight per minute on the card to card duplicator.

The reader-printer allows the film to be viewed on a screen and a paper copy to be printed out quickly if required. Large numbers of plain paper prints of originals can be turned out on the ten a minute copier.

Priced at around £20,000, but with the printer on a rental of £650 to include the first 12,000 prints/month, the equipment is aimed at several hundred engineering companies around the country whose operations would be made much more efficient by a complete system such as this.

Benefits accrue not only from the vast savings in plan storage space made possible, but also from the fact that storage and retrieval of important documents is so much easier. One small cabinet can hold 100,000 indexed films. At the same time, the film medium has virtually unlimited life with low-cost duplication providing ample security of information.

3M, 380 Harrow Road, London W9 2HU, 01-286 6044.

● PACKAGING

Oil samples by air

RAPID ANALYSIS of high wax content crude oils has been thwarted by the amount of time taken for the samples to travel from North Sea exploration rigs to its research laboratories in Amsterdam says Shell Chemicals UK, Villiers House, 41 Strand, London WC2 5LA (01-438 3000).

With the operation now of a universal packaging system to enable oil and chemical products with a flash point below 23 degrees C to be carried on passenger airlines, oil samples can be in the laboratory for *analysis within a matter of hours.* Samples are flown from the drilling rig by helicopter and relayed to the laboratories by the first available scheduled passenger flight.

The system was originally designed for the rapid transport of crude oil samples but, says the company, the principle is equally applicable to the shipment of many highly volatile and inflammable liquid chemical samples anywhere in the world.

The package now being used comprises a metal vessel of 1 litre capacity inside a self-reinforced fibreboard box. The outer box was designed in collaboration with Trinity Packaging of Biggleswade, to be constructed from one piece of board, which gives the unit much greater strength and rigidity when all the interlocking flaps are secured in place.

Compartments between the inner and outer containers are filled with granulated material which can rapidly absorb the contents of the metal vessel in *case of spillage.* The granules also assist the outer box to absorb impacts.

Because all essential international labelling and documentation is affixed to the outer surface of the box, it can be transferred between air, road and rail modes of transport with the *minimum interruption,* says the company.

Container acclaimed

THE WORLD Packaging Organisation's top award the World Star has gone to Harcostar, a member of the Butterfield-Harvey Group, for its Acitainer for the carriage of acids.

The package consists of a high density polyethylene outer container giving protection to an inner 10-gallon polyethylene bottle. It is produced at the company's works in Windover Road, Huntingdon.

● MARKET RESEARCH

Microcomputer growth forecast

AN ASSESSMENT of the Western European microcomputer market to 1986 just published by Pactel predicts that it will grow to over $800m from the 1977 level of $69m—an average annual growth rate of 32 per cent.

The 223-page report, which costs $995, first of all discusses topics such as user needs, market segments, product strategies and the relevant financial problems and then looks at a number of user areas in turn: computers and terminals; telecommunications; automotive; domestic and consumer; industrial control; and analytical and medical instrumentation.

Some marked changes in the shares of these segments are forecast. For example, the computer/terminal segment will drop from 61 to 33 per cent by 1986, telecommunications will rise to 18 per cent from its present 2.75 per cent, the domestic segment will be about 9 per cent by 1986, having risen to 13 per cent in 1981 from a mere two per cent at the moment.

With regard to the chip makers themselves, Pactel's figures for 1977 market shares put Intel at the top with 52 per cent, followed by Motorola and Texas Instruments each with 11 per cent. The ranking after that is Rockwell, Fairchild, National Semiconductor and Zilog. The ranking is for Western Europe, but nevertheless it will almost certainly be disputed by one or two of the companies.

Pactel's view about the future of these companies is that "the rich will get richer"—in particular it is felt that before long Intel, in micros, will begin to take on the position that IBM holds in mainframes. Acquisitions, mergers and "casualties" are forecast.

Pactel emphasises that it is big markets that are needed, not technological ability or a manufacturing plant—but carefully steers clear of any reference to Inmos. Conditions will get worse for the smaller makers, who will have trouble in keeping their prices down due to lack of volume. On top of this, in the early 1980s, the Japanese are expected to emerge strongly in the very large scale integration area.

Opportunities for the UK are seen by Pactel not so much in trying to make volume microprocessor chips, but in quickly making use of them in products for which the country is well known, notably to increase exports. The production of the chips themselves says Pactel, will almost inevitably remain U.S. dominated.

"The Microcomputer Marketplace in Western Europe, 1978-1986" from Pactel, 33 Greycoat Street, London SW1P 2QF (01-828 6374).

Treatment of water

ABOUT £37m-worth of bulk chemicals are used annually for water pretreatment, with half going into softening demineralisation and pH control applications. A further £18m is acounted for by chemicals used *for flocculation, chlorination and* disinfection. The speciality blend sector is worth about £25m a year and activated carbon accounts for about £1m.

These are some of the main conclusions of a survey by Industrial Aids of Terminal House, 52 Grosvenor Gardens, London SW1W 0AU (01-730 5288), which is published at £250.00.

The report covers bulk chemi*cals for softening*, demineralisation, pH control, chlorination, fluoridisation deoxygenation and other treatment methods, and speciality blends for such applications as scale and corrosion prevention. Ion exchange resins and activated carbon treatment are included.

An attempt has been made to quantify bulk chemical consumption in volume as well as in value terms and indications of current prices are given. The survey also contains a brief, mainly qualitative, summary of the chemicals used in waste water and effluent treatment. Financial profiles of fourteen speciality blenders are also included.

Other sections of the report deal with distribution, legislation and changes in technology. Lists are also given of the suppliers of water treatment chemicals and of water treatment engineering companies.

A number of technological developments are highlighted in the report. The speciality blend part of the industry has become increasingly sophisticated as end users seek to cut down on water consumption by installing recirculating water systems; the present emphasis is on producing systems that are environmentally acceptable.

In the bulk chemicals field there is a move towards hypochlorite as an alternative to chlorine for some disinfection applications, a growing market for ion exchange resins and an increasing interest in activated carbon systems.

● METALWORKING

Furnace easier to maintain

SAVINGS UP to 36 per cent in fuel together with substantially reduced maintenance and allied costs are being achieved with a bell-type rotary hearth furnace for the forging and heat treatment industries.

A major technical design innovation has cut the weight of the roof from 9-11 tonnes using conventional concrete refractory materials to 2½-3 tonnes by cladding 85 per cent of the roof area with a proprietary alumina-based ceramic fibre. This is capable of withstanding prolonged working temperatures of 1,300 deg. C. and occasionally 1,600 deg. C.

Only the flame tunnels, where the fibre could be blown off by the velocity of the gases, are protected by refractory concrete. The method of fixing the thick fibre cladding, which incidentally *provides an excellent acoustic* barrier, was perfected in collaboration with Studwelpro, Newark, Notts.

Bringing a normal batch type furnace up to temperature can take around 3½ hours. The new FS rotary hearth furnace is ready to work in little more than half an hour.

Maintenance is a simple matter of replacing worn patches of fibre, an operation for the time being carried out by the maker's service engineers. Though refractory concrete lining is perhaps 40 per cent cheaper, it may need replacing every 15-18 months, whereas the fibre lining can be patched almost indefinitely.

Even a complete fibre relin*ing can be done in around 12* hours against several days in concrete. Little more than regular inspection once a quarter is necessary and no one, it is claimed, need be surprised into a full-scale shutdown.

There are four models with normal outputs from 1,000 kg/hour to 2,500 kg/hour. The middle range will typically deal with 3 inch square forging billets, and the largest up to 6 inch square billets.

More details can be obtained from David Etchells (Furnaces), Stafford Road, Darlaston, Wednesbury, W. Midlands, WS10 8UA.

● HANDLING

Accurate weighing

ISK, of Cray Avenue, Orpington, Kent, offers the ISK/Norden digital weighing system for use in applications where high accuracy and long-term stability are essential. Typical applications are hopper weighing, platform and crane scales and weighbridges.

Norden vector-compensated load cells are used so that the requirement for external restraining elements is eliminated in the system, together with the non-repeatable errors such elements produce. This load cell incorporates parallel flexure plates to ensure that only the vertical component of the measured load is applied to the force transducer.

Use of the Norden VKK eliminates possibility of weighing errors due to variations set up by dimensional changes, but also simplifies the entire weighing procedure, cuts down the time taken for system calibration, and significantly reduces costly site time (and problems) at installation.

In use, the object to be weighed can be either fastened directly on *to the* vector-compensated load cell or through a rubber shear plate interposed between the object and the cell. The digital *indicator, which* can be located remotely up to several hundred metres away from the load cells, has tareing and calibration adjustment *facilities.*

Smallest load cell currently available has a 50 kg capacity, while the largest single load cell has a range of *300,000 kg.* Up to 30 per cent of capacity can be accepted as a sideload and as much as 10 per cent of capacity can be applied *without* impairing accuracy in any way. Temperature variations of 20 degrees C produce an error of less than 0.1 per cent.

ISK is on Orpington 70631.

● MATERIALS

Ink manufacturing plant

ABOUT £¾m has been invested in buildings and plant by Edward Marsden Inks at Rotterdam Road, Sutton Fields, Hull, North Humberside.

The factory was designed to meet every condition necessary for the production of inks for metal decoration and litho inks for paper and board and is said to be the first purpose-designed ink production centre in the UK.

Special requirements incorporated in the new works include a chilling and condensing plant for the recycling of water used in cooling milling equipment; selective gas fired *radiant* heating *(in* preference to ducted warm air which would have created dust movement); and a *contaminant-free environment* guaranteed *by* specially chosen wall doors and floor surfaces, which are also easily maintained.

It was important to place the department where ink is checked for accuracy (there are over 30,000 different colour formulae) to receive only northern light.

Particular emphasis has been placed *on* quality control, research and development, with the result that there is a ratio of one laboratory worker to every other three employees of all categories.

For many years, the company's products have been pre-eminent in the field of metal decoration and it intends progressive development of its ink range in this specialised market. About 40 per cent of the output of the new factory is to be given over to the production of litho inks for paper and board.

In summer this year it launched a new formulation for *Diaflash litho inks to give im*proved gloss, faster setting and better rub resistance. A specially formulated UV curing varnish has also been introduced to complement the existing range of Diacura ultra-violent curing inks.

● LUBRICATION

Keeps conveyors going

FIRST COMMERCIAL bakery to take a new approach to the problem of lubricating conveyor chains in bread-baking ovens—CWS Dunfermline—*is* using a new spray lubrication system designed by Bielomatik London.

Much cleaner to operate and giving significant savings to the user in terms of both lower maintenance down-time, lower running and lubricant costs the spray system handles the need to maintain a very high temperature (about 450 degrees) and a scrupulously clean oven environment.

Most conventional centralised lubrication systems are out of the question and in most installations the links are lubricated individually by hand—a time-consuming task which takes place either during a baking shift or on overtime. To ensure maximum productivity during times of peak demand, it is often necessary to keep the chain conveyors going even though lubrication is overdue.

Fully automatic, the lubrication system dispenses a light synthetic oil which protects the links with a molybdenum compound even after the oil has evaporated.

Bielomatik, Cotswold Street, London, SE27 0DD, 01-761 1211.

● COMPONENTS

Big display move by distributor

NORBAIN has been awarded a *sole UK agency* agreement to distribute the products of Liquid Xtal Displays Incorporated of Cleveland, Ohio.

Norbain expects to capture 40 per cent of the UK market for these large area LCD's which is about £1m at present, but will *rise substantially faster than the* general electronics market.

An important aspect of this new agreement is that besides *a large range of 24* standard types, Norbain can offer a fast turnround on custom displays with low tooling charges for prototypes, with pricing very similar to standard displays. This gives flexibility to the end users and allows them to design a display best suited to their needs.

Norbain Optoelectronics, Arkwright Road, Reading, Berks RG2 0LT, 0734 864411.

● INSTRUMENTS

Expandable recorder

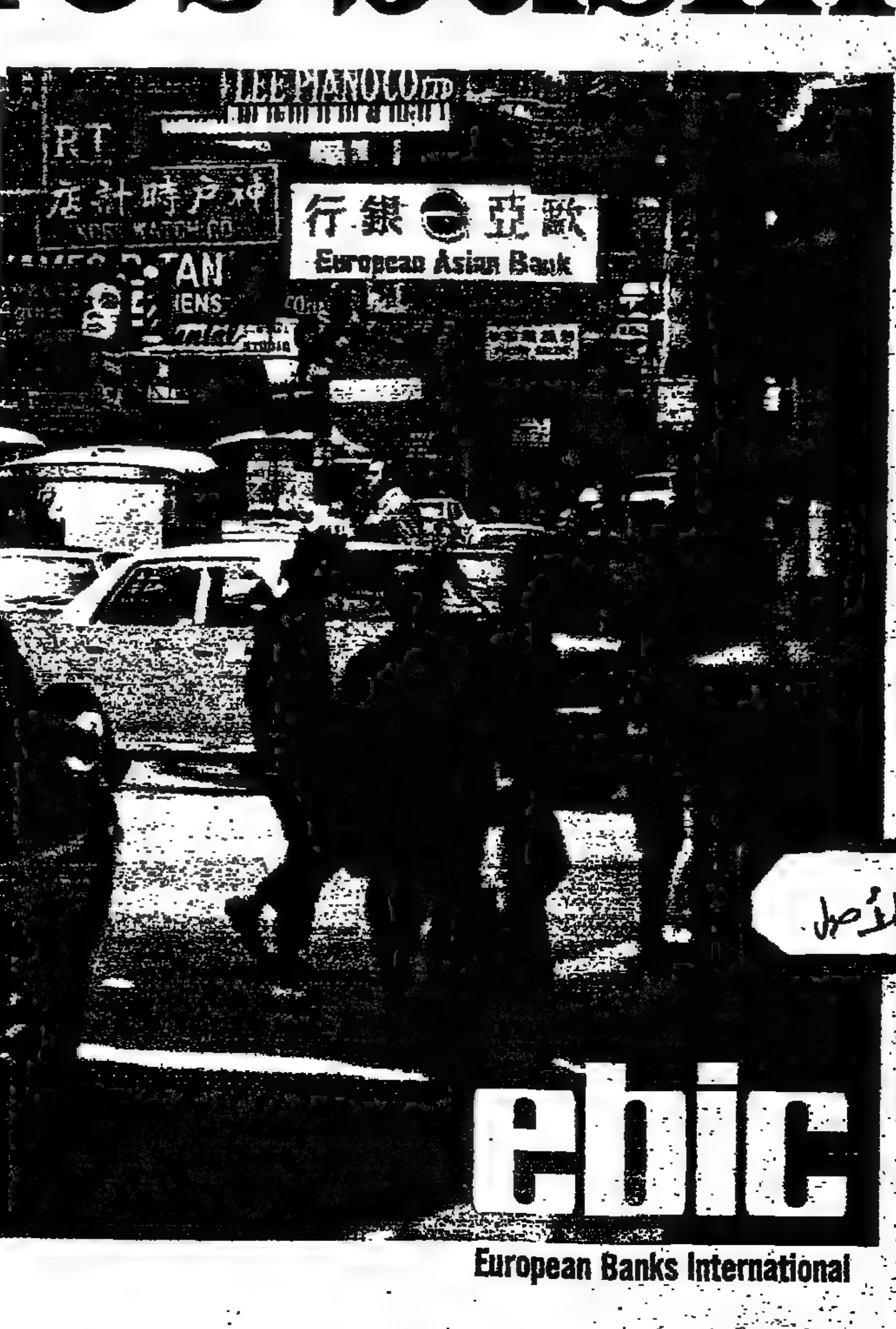
AUGMENTING the considerable range of chart recorders it makes in the UK, Bryans Southern Instruments is to market also several instruments made by Curken Scientific Incorporated.

The BS250 instruments are available as one, two or three channel versions which have 22 paper speeds, 12 switched sensitivity ranges and a pen response of 0.375 seconds over *the 250 mm chart width.*

Starting with the basic BS251 single channel machine however, one, or two channels can be added *optionally allowing* the recorder to expand as the need arises. The additions can be made with a field "add-on" kit or as a factory modification.

All the machines have a crystal controlled stepper motor driving the chart, with external drive ability and manual advancement. Many options are available including chart take up, logarithmic and differential amplifiers.

Willow Lane, Mitcham, Surrey CR4 4UL (01-648 5134).



The Management Page

EDITED BY CHRISTOPHER LORENZ

Why Fairchild is joining GEC to create a semi-conductor sibling

BY MAX WILKINSON

THE FORTUNES of Fairchild Camera and Instrument Corporation of Mountain View, California, have suddenly become important to Britain.

For Fairchild's success in the U.S. will be closely linked to the British Government's ambition to build up a semi-conductor manufacturing industry capable of serving the world market.

Fairchild has now agreed in principle with Britain's General Electric Company (GEC) on a joint venture aimed at establishing one of the largest and most advanced integrated circuit plants in Europe.

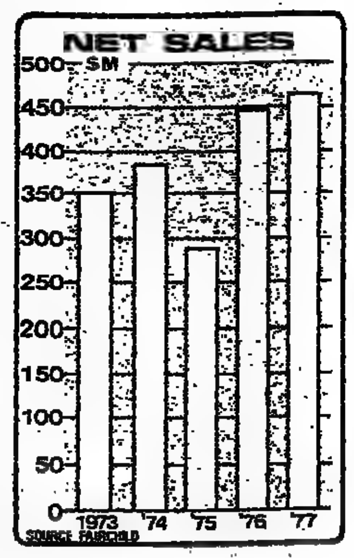
Fairchild and GEC will be competing with the National Enterprise Board's new subsidiary. Inmos, which is starting a completely new integrated circuit company with a group of engineers mainly from Mostek in Dallas, Texas. Inmos, as yet, consists only of a small group of people in a Dallas office faced with the very interesting problem of creating something out of nothing but brains and cash.

The GEC/Fairchild venture on the other hand has the different problem of marrying the interests of two large companies, each with its own corporate identity and management style. Their semi-conductor sibling will therefore be shaped by the parent companies' pasts as well as by their hopes for the future.

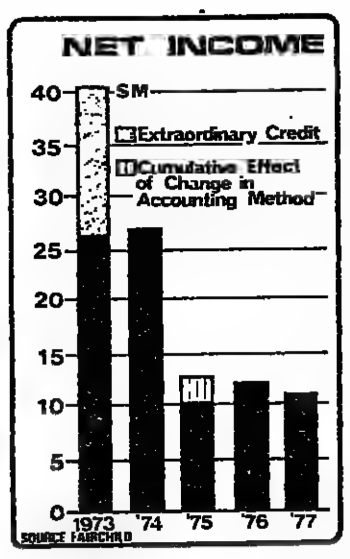
GEC's record in semi-conductors has been far from impressive. It failed in the early 1970s to anticipate the intimacy of the connection which is now developing between design of electronic systems and know-how in semi-conductor production.

Indeed, in 1971-72 it even closed down two semi-conductor plants in Glenrothes, Scotland, and Witham, in Sussex. Until a year ago GEC was still saying that it needed only research and design capability in semi-conductors, so that it could order the components it needed from other manufacturers.

Then, quite suddenly, the company appeared to change its mind. It had become alarmed by two trends: first was the pace of miniaturisation—it had been so rapid that complete sub-systems were being etched on to very small silicon chips. Component makers therefore threatened an invasion of the territory of systems manufacturers like GEC.




Wilfred Corrigan—looking to the future



Advantage

Second, and perhaps more important, the companies which made components as well as equipment were beginning to gain a competitive advantage over those which made only equipment. This was because companies like Motorola, Hewlett Packard and Fairchild were able to start designing equipment which would take advantage of semi-conductor techniques still in the development stage. Although GEC's research laboratories have also been working on advanced semi-conductor techniques, they were beginning to suffer from not having a close association with large scale production techniques.

Since GEC had chosen not to build up its own manufacturing capability in semi-conductors the best way of catching up rapidly appeared to be a partnership with a U.S. company if any were responsive to its overtures.

The reasons why Fairchild was prepared to be courted are less obvious. It is a relatively elderly company in a young and vigorous industry, with a solid reputation in certain areas.

It has been a dominant supplier of the very fast computer memory components made with bi-polar technology. However, it was slow off the mark in realising the advantages of the rival metal oxide semi-conductor (MOS) techniques, even though it was Fairchild which took out the earliest patents on this process in the 1970s.

It was left to a breakaway group of former Fairchild engineers led by Robert Noyce and Gordon Moore to demonstrate the tremendous possibilities of MOS fabrication for high density computer memories and micro-computers. Their company, Intel, is now the acknowledged leader in these fields, while Fairchild is struggling to catch up.

Mr. Wilfred Corrigan, the Liverpool born president of Fairchild, acknowledges: "By 1990, 80 per cent of the world's integrated circuit production will be in MOS."

It is generally agreed that the industry leadership has slipped from Fairchild's grasp and it is therefore investing heavily in new MOS plants in an effort to regain it. It has opened an impressive new MOS plant at San Jose in the famous Silicon Valley south of San Francisco at a cost of $45m to $50m.

Although there is plenty of room for expansion at this plant, the company plans to build a duplicate in the UK in a joint venture with GEC. In moving into the UK, Fairchild will be doing no more than following a trend already established by its major rivals, including Texas Instruments, Motorola and National Semiconductor.

All these companies believe it is necessary to have production plants close to their customers in order to be able to cater for their special needs. They also have an eye on the protectionist forces within Europe, and are anxious to have production plants inside the EEC boundaries. Mr. Corrigan says there will also be advantages of relatively low labour costs in the UK for some time to come.

Fairchild would probably have moved into the UK without encouragement from GEC or the Government, but its plant would not have been as large as that now envisaged. By 1981-82, it is expected that the UK factory will have an output worth $50m, which implies fixed assets of around $30m. The idea is that the joint venture will make products which will be designed and marketed by the two parent companies.

Specialised

Initially most of the high volume standard circuits will be of Fairchild design. However, GEC is hoping that it will be able to develop more specialised circuits (for the television industry, for example) which can also be produced in high volume.

GEC's current interest in buying Plessey's integrated circuit operation fits in with this general strategy. It hopes for a cross-fertilisation of know-how between smaller, more specialised plants, and the mass production factory which it will build with Fairchild.

Yet despite this partnership, the two companies are moving in opposite directions: while GEC is rather belatedly trying to move further into semi-conductor manufacture, Fairchild's centre of gravity is shifting decisively away from components and into equipment.

In the 1977 financial year semi-conductor components represented just over 70 per cent of Fairchild's sales of $470m. Commercial and industrial equipment — mainly test equipment—accounted for 19 per cent and consumer products, mainly watches and TV games, brought in 13 per cent of the total.

But Fairchild, like its major competitors, Texas Instruments and National Semiconductor, realises that it must move into the computer market to survive in the long term. Mr. Corrigan says: "By 1982 half of our revenues will come from business systems."

Fairchild is attacking the business systems market from two directions. First it is developing a line of mini-computers based on powerful micro-processors. At present these are mainly sold as computer circuit boards to other manufacturers which make them up into the final product. Fairchild does, however, offer a boxed system which is complete.

Recognised

At the same time, it has recognised the need to move into the market for larger main-frame computers. Instead of entering this arena with direct production, as National Semi-conductor has done, Fairchild has bought a 35 per cent share in Magnuson, a manufacturer of International Business Machines type computers.

The need to move into computing has been emphasised by Fairchild's failure, in common with other semi-conductor companies, to make money out of the consumer market with watches and television games. After sustaining heavy losses from its adventure into digital watches, the company expects to reduce its exposure in the consumer market to about 5 per cent of its turnover by the end of next year.

In addition to the computer market, Fairchild is hoping that sales to the automotive industry will provide a major opportunity for growth. At present it sells about $20m a year of components to the automotive market, but a recent deal with Bosch of West Germany should put it in a good position to take advantage of the expected upsurge in demand for computer control of engines and other functions.

However, the mass markets for semi-conductor components, like the automotive industry, will almost certainly demand MOS-type circuits, which are generally cheaper than the high performance but correspondingly more expensive components made by Fairchild's bipolar and isoplanar techniques. Fairchild still believes that its new isoplanar micro-computer series may prove cheap enough in the long run to compete with its MOS rivals on price as well as performance, but that remains to be seen; certainly Fairchild appears to be hedging its bets with the opening of substantial new MOS factories.

The question for GEC and to some extent for the British Government is how successful Fairchild's strategies will prove against the very thrusting competition of its rivals.

After a series of management changes during the last few years, Fairchild now stands at something of a crossroads. Competitors question whether it has the size needed to make an unaided jump into the systems business which most of the larger semi-conductor companies are now attempting.

They believe, therefore, that the link with GEC may prove in the long term to have a greater significance than has so far appeared. A close link between GEC's capabilities as an electronic systems manufacturer and Fairchild's semi-conductor expertise could have important benefits for both companies. In theory, at least, Fairchild could provide GEC with the entry into the U.S. market which it has long desired while GEC helped Fairchild to a stronger presence in Europe.

It is not therefore too fanciful to speculate about the possibility of an exchange of equity or even of a complete merger at some future date. Although these longer term possibilities have doubtless been considered, both companies are now taking a fairly cautious view and are concentrating on the more limited task of making the joint venture successful.


Wendy Allen—with children who use her music teaching aid

Music to a product innovator's ears

SEVENTEEN-year-old Wendy Allen has succeeded where product engineers and designers so often fail: she has found a way to predict customer demand without simply asking people to imagine an entirely new product, with new characteristics, and then say whether they would buy it.

As many large companies have found to their cost, such an isolated approach is both fatuous and misleading. Framing the questions in a neutral manner, so as to avoid "leading" the consumer, is extraordinarily difficult, and customers' predictions of their future buying habits are also notoriously unreliable. As a result, countless companies have developed products which then failed to find the expected market.

The answer is to dissect and study consumers' existing habits, and to identify characteristics which are inadequately catered for by existing products or services. This approach is now being used, for example, by the telecommunications side of the British Post Office, in its research into potential customer demand for new services. Previously it relied heavily on asking people "would you use this or that new service if we offered it?"—and getting unreliable replies.

Wendy Allen, a talented musician and designer, set out to design a teaching aid to help children learn music. Like any designer, she relied partly on personal experience: in this case, the difficulties she had experienced when learning to play the clarinet.

But she also questioned groups of children about which aspects of music they found boring or hard to understand—in other words, she dissected the characteristics of their existing activity, and analysed them.

The end product of this process was a circular "music calculator," consisting of a series of movable rings which help the would-be musician to calculate keys, scales, arpeggios, chords and intervals.

Wendy Allen's efforts yesterday won her a top prize in the 1978 Design Council GEC Schools Design Prize—a competition intended to promote among schoolchildren a greater understanding of design, and the way it relates to industry.

As if to emphasise a long-standing failing of innovation in British industry, one of the main criteria used by the competition's judges is whether original ideas have been well translated into practical use. Only six prizes were awarded this year, although GEC allocated £2,500 for ten prizes, and there were over 50 submissions.

The five other winning entries included animated roadsigns (which appear to move or change colour); an electronic sunshine recorder which is claimed to be more accurate than one of the most popular models on the market; and a printed circuit-board assembly jig which has several claimed advantages over existing products.

The prizes were awarded in London yesterday by Mr. Colin Chapman, chairman of Lotus Cars. The winners aged under 16 received £100 each, those over 16 £200 each, and their schools £100 each.

Christopher Lorenz

Business courses

Sales Negotiation. St. Helens School of Management Studies, January 4-5. Fee: £65 plus residence £9 per night. Details from Marketing Courses Organiser, St. Helens School of Management Studies, Water Street, St. Helens, Merseyside WA10 1PZ.

Introduction to the 6800 Microprocessor. London. January 8-12. Details from Course Registrar, Bleasdale Computer Systems, 7 Church Path, Merton Park, London SW19.

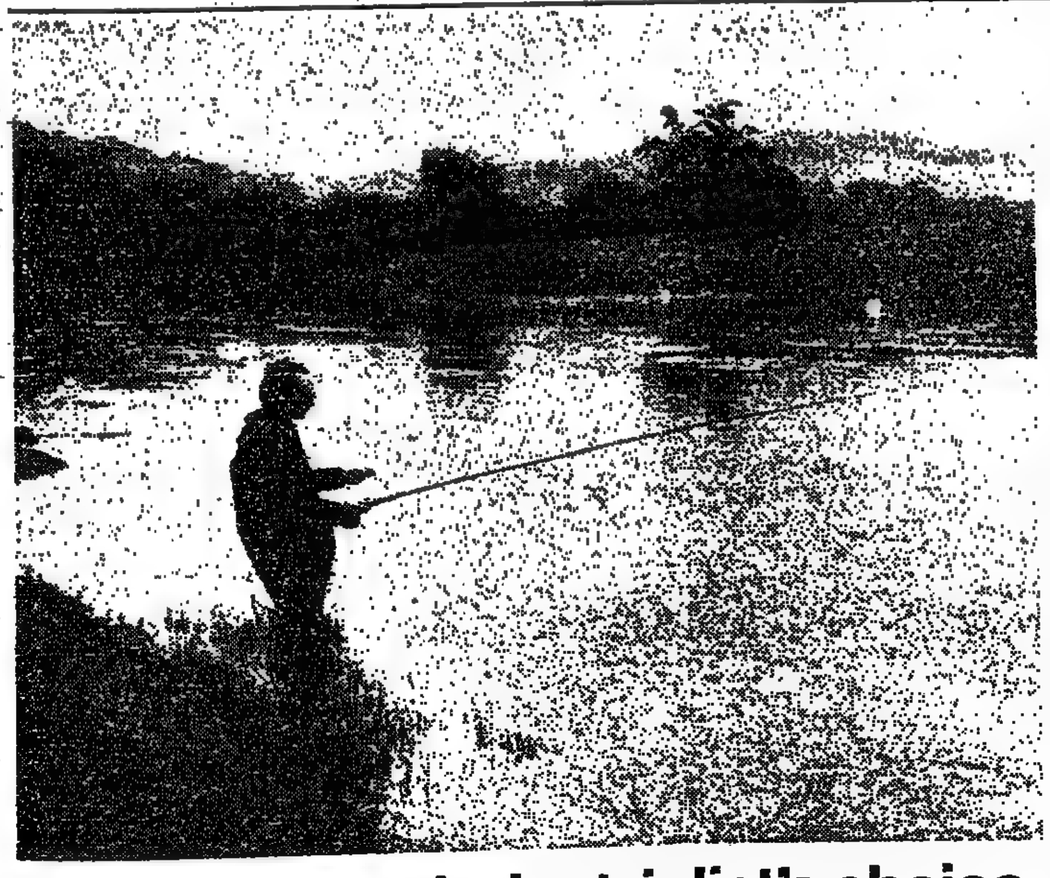
Modern Budgeting and Management Accountancy. London. January 17-18. Fee: £135 plus VAT. Details from Eurotech Management Development Service, PO Box 28, Camberley, Surrey, GU16 5HR.

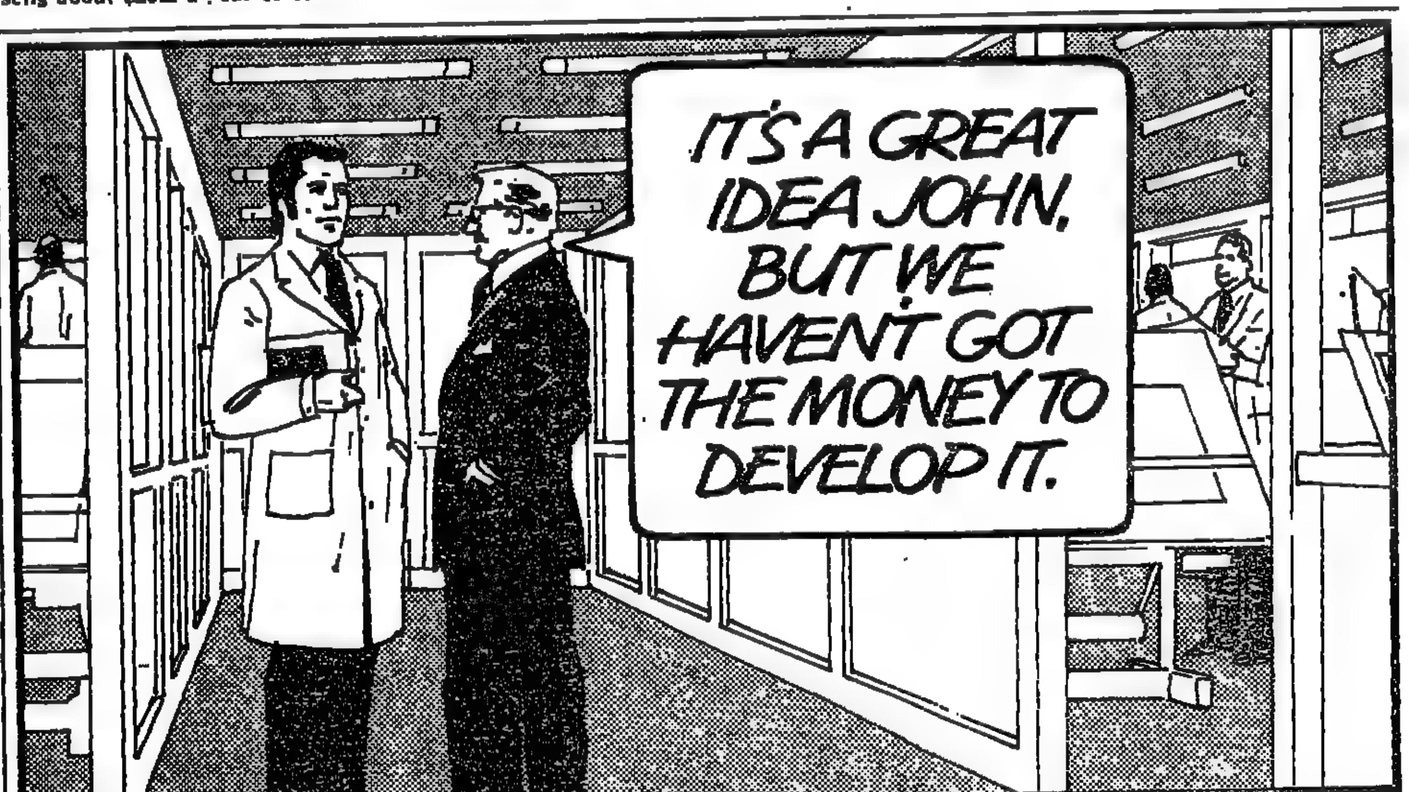
Managing Management Development. University of Bradford, West Yorkshire. January 14-19. Fee: £225. Details from Course Secretary, University of Bradford Management Centre, Heaton Mount, Keighley Road, Bradford, West Yorkshire, BD9 4JU.

Planning and Control in Banking. Brussels. January 22-24. Details from Management Centre Europe, avenue des Arts 4, B-1040 Brussels, Belgium.

Employee and Industrial Relations in the USA. The same course will be held in Düsseldorf, Frankfurt, Stuttgart, Zurich and London on January 8, 9, 10, 11 and 12 respectively. Fee: DM 1000 for German sessions, SwFr 1000 for Zurich session, £160 for London session. Details from Management Counsellors International, avenue Molière 262, 1060 Brussels, Belgium.

The Art of Purchasing Economics. London, January 15-19. Fee: £220. Details from Purchasing Economics, Pel House, 35 Station Square, Petts Wood, Kent BR5 1LZ.





LOMBARD

Avoiding the Dutch disease

BY PETER RIDDELL

THE USE OF North Sea oil resources over the last couple of years might seem to be yet another example of the many opportunities wasted by Britain in the last generation. But that would be to write far too premature an obituary the UK's version of the Dutch disease is not yet terminal. Certainly, as I pointed out in this column on Monday, the opportunity has so far been used in precisely the way ministers said it should not be—to support an import led consumer boom.

This need not, however, be the end of the story even if—to misquote the old adage—one would not start down the road from here. After all, North Sea oil and gas is expected to make a rising contribution to the current account over the next few years. According to the latest Treasury estimates, the net contribution (at constant 1977 prices) should rise from £3.2bn this year to £5.7bn in 1980 and £6.6bn in 1985.

Still time

The size of the future net benefit means that there is still time to make decisions about the use of the oil whatever may have happened so far. One solution would be to ensure that the public itself takes the decision by participating in some kind of North Sea equity stock, as advocated by my colleagues Samuel Brittan and Barry Riley. But such a scheme seems to be beyond the imagination of both political parties, and even though there is still time to issue such a stock I will concentrate on the more conventional options.

The starting point should, however, be that the decisions are explicit rather than implicit and that there is a regular public review of how the oil has been used. This is inevitably rather an artificial exercise but isolating the oil and gas does at least provide an opportunity to look at the balance of policies.

There is no shortage of suggestions. While the claims of domestic consumption are all too apparent, the need for a clearly defined external financial policy has so far been less firmly established. In particular, the question of how far the Government should try to pursue specific current or capital account objectives has become blurred.

In January last year, for example, Mr. Gordon Richardson said the UK, then in deficit, should move into very substantial current account surplus, and stay there for years, in order to ensure a major transformation of our external financial position. In practice, the total amount of overseas debt has been slightly reduced and the repayment burden in the early 1980s has been cut significantly.

But the current account was only in surplus during the second half of last year, and instead of a surplus of £1.5bn originally forecast for 1978 there is now expected to be a £250m deficit, with a similar outcome projected for 1979. This is well within the margin of forecasting error but it is perhaps significant that there has been no attempt to aim for a surplus next year.

Equilibrium

Some monetarists would argue that the authorities cannot determine the current account outcome and that all they can do is to influence the exchange rate by their monetary policy. This seems too extreme a view, while it may be true that the main initial effect of any alteration in fiscal and monetary policy is on the exchange rate there will also be a broad impact on at least the direction of the current account. Even with this qualification it is far from clear what any external financial policy should be.

This issue is discussed by Christopher Johnson, the economic adviser to Lloyds Bank, in the October number of International Affairs, the Chatham House journal. He argues that Britain's current account should more or less reflect its degree of oil self-sufficiency, reaching equilibrium about 1980, and surplus in the first half of the 1980s at least. This would fit within an overall scheme for the current account objectives of advanced, developing and oil-producing countries.

If this did become the Government's clearly stated objective there would be room both for some net repayment of overseas debt and, more significantly, an increase in the UK's overseas investments. The relationship between exchange controls, capital flows and the exchange rate is not as straightforward as is often supposed. But a freeing of controls to permit the expansion of Britain's overseas assets has a strong claim on future revenue as an ideal way of not frittering away the North Sea opportunity.

AROUND BRITAIN

SOUTHWOLD

Town of potent ale

BY DAVID CHURCHILL

"THE best beer in England." So said John Seymour, high priest of the movement for more self-sufficiency by growing your own food and someone whom you would expect to know a thing or two about hops and the like.

The beer he was acclaiming was brewed by Adnams, a small independent brewery tucked away in the sleepy Suffolk town of Southwold. Adnams' beers are famous throughout the east of England—and a good deal farther away to real connoisseurs—for their potency. Broadside Strong Pale ale, launched to commemorate the tercentenary of the Battle of Sole Bay, is justly described by Adnams as of "knee-shaking" strength.

Adnams is one of the handful of small independent brewery companies in Britain that have managed to survive through the dark days of the 1960s and early 1970s when the giant brewery companies were gobbling up every brewery in sight. The argument was that producing specialised beers in small units was grossly inefficient and likely to force the price up and hit sales. And, since beer production was being rationalised, it was felt important that beers should be produced which travelled well: hence the development of keg beers.

Adnams, and its fellow independent breweries scattered around the country, thought differently. They believed that their beers, developed in the case of Adnams over centuries, were still wanted by the beer-drinking public whatever the marketing boys at the big breweries thought.

And it was misleading to assume that just because they were making traditional beers, they were going to be less efficient and dearer. Adnams, in fact, sells its best bitter for 28p a pint, about 10p cheaper than the usual selling price of bitter produced by the big brewers.

Being relatively small producers, breweries such as Adnams are able to pay not only more attention to quality control, but also to industrial relations.

Many of its 100 or so employees have been with the brewery all their lives: two brothers, recently retired, between them completed 100 years' service with the company. Adnams, a family-owned and run business, has sought to encourage participation through profit-sharing schemes for employees.

The history of the brewery can be traced back until at least 1641. Parts of the cellars date back over 300 years. The origins of the present business can be found in the partnership between Messrs. Adnams and Sergeant in the 1870s and the establishment of Adnams and Company in 1890.

Adnams' business now covers much of Suffolk and Norfolk, and parts of Essex, Cambridgeshire, Hertfordshire, and Bedfordshire, with a large free trade in addition to 75 tied houses. There is even a pub in London Wall in the heart of the City—The Talbot—which sells Adnams beer.

Mr. John Adnams is the present chairman and managing director, and one of the present directors, Mr. Simon Loftus, has followed his father and grandfather who were managing directors in their time. To protect its independence—especially from big breweries that feel that if "you can't beat them, buy them"—the company brought in a scheme restricting the transfer of shares.

Unlike the Scotch Whisky producers, who jealously guard the secret of their ingredients, Adnams makes no secret of its ingredients and process.

Malt comes from East Anglian barley, hops from the best fields in Kent, Herefordshire, and Worcestershire, and the yeast is a strain unchanged since 1943.

The supply in use before that had to be thrown out because it contracted a disease known as rope. The fresh supply obtained from a Norwich brewery was found just in time; a few days later the Norwich brewery was bombed and the strain would have been lost for ever.

The water used in the beers used to come from a fresh water spring half a mile out to sea and tapped from a well beneath the brewery. It became unusable when it was punctured during the construction of coastal defences against the sea's encroachment.

The yeast multiples to five times the quantity put in during fermentation and the surplus is sold to the Marmite company for its yeast extract. Spent hops are rich in nitrogen and act as an excellent fertiliser, used locally. And every day a local farmer collects the spent grain—rich in protein and vitamin D—and feeds it to his cows.

Adnams delivers its ale by Percheron—lending a touch of nostalgia to the Suffolk countryside

Adnams uses no chemical additives or preservatives and is proud of the fact that the entire brewing process follows tradition.

Adnams make five bottled beers and two draught (not keg) beers all the year round. A special brew called Old Ale is brewed in winter. In addition, Adnams brews a limited quantity of draught Tally Ho barley wine every Christmas. It is sold in "nips" and is sometimes called "lunatic broth."

Adnams is not slow to adopt a marketing trick or two to reinforce its image. In 1970, for example, it reintroduced dray horses to carry out deliveries around Southwold. The four horses, all Percherons, were not brought back for sentimental reasons alone. Adnams costed them out in comparison with mechanised transport and found that the horses actually worked out cheaper for local deliveries. Even so, the sight of the drays around Southwold certainly has a pleasant nostalgic touch.

Harwell Abbey can stop Ireland's unsuccessful run

RACING

BY DOMINIC WIGAN

THE FEW Irish horses to have tried their luck in England and Scotland this season have met with little success and it will be interesting to see how Jim Dreaper's Harwell Abbey fares in today's Clanfield Opportunity Chase at Newbury.

With three wins already, the brown gelding should not be too hard pressed to continue his profitable run.

Harwell Abbey gained his last victory with a comfortable success over David Bell and seven others in a 2½-mile handicap chase at Down Royal on November 4.

Although the form of that Down Royal event may not amount to much, the seven-year-old could do no more than win and there seems little doubt that he will be seen to even better advantage over this additional half mile.

I shall be more than mildly surprised if he cannot concede 29 lbs to Majestic Touch, who justified good support at Ludlow last time out with an easily gained success over Wild Chorus and Lovejoy. The only other runner, Organised Confusion has been running well but in modest company and could be out of his depth.

Following the Clanfield Chase, there is another three-horse event, with Valiant Charger bidding to concede weight to Perambulate and Catsgore in the Jacky Upton Chase.

A consistent sort, the seven-year-old will probably start a warm favourite following an encouraging display on his reappearance.

He may well justify his position, but on this occasion I believe the concession of 3 lbs to the more experienced Perambulate may prove just beyond him. Last time out the David Barons-trained Perambulate, a course specialist with four victories to his name here, looked set to win but tired one fence out.

A third three-runner event on this, the opening afternoon of the Hennessy Meeting, is the day's top race—the Oxfordshire Chase. Here the locally trained Saxon House representative, Anthony of Padua, will be trying to extend his winning sequence to five.

Fulke Walwyn's much improved young chaser seems sure to make a bold bid.

NEWBURY

1.00—McAdam *
1.30—Harwell Abbey *
2.00—Perambulate
2.30—Anthony of Padua
3.00—Firs Park
3.30—Hurakan—***

Fred Rimell's McAdam, should have benefited sufficiently from his first outing to land the opening division of the Freshman's Novices Hurdle: while in the second division, I shall be relying upon Michael Jarvis's highly rated recruit from the Flat, Hurakan.

TV Radio

† Indicates programme in black and white

BBC 1

10.00 am For Schools, Colleges. 10.45 You and Me. 11.05 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Heads and Tails. 2.02 For Schools, Colleges. 3.20 Llangollen 1978 Eisteddfod. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Hong Kong Phooey. 4.30 Jackanory. 4.45 Captain Caveman. 4.55 Crackerjack.

5.40 News.
5.55 Nationwide (London and South-East).
6.20 Nationwide.
7.00 Tom and Jerry.
7.10 Star Trek.
8.00 Going Straight.
8.30 The Liver Birds
9.00 News
9.25 Target.
10.15 Tonight—in Town (London and South-East).
†10.30 The Late Film: "Intruder in the Dust."

All Regions as BBC-1 except at the following times:

Wales—11.05-11.25 am For Schools. 1.45-2.00 pm Nant-y-Pant. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.25-8.00 Cawl a Chan. 10.15 Kane on Friday. 10.45-10.50 Regional, National News.

Scotland—10.23-10.43 am For Schools (Living in Scotland). 5.55-6.20 pm Reporting Scotland. 10.15 Spectrum: Sir Alexander Gibson talks. 10.45-10.50 Regional, National News.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Rhapsody in Belfast (Profile of Barry Douglas, Young Musician of the Year finalist). 10.45-10.50 Regional, National News.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth). 10.15-10.45 East (Norwich) Newscue; Midlands (Birmingham) Hurdy Gurdy; North (Leeds) Close-Up North; North-East (Newcastle) Friday North; North-West (Manchester) Home Ground; South (Southampton) It's Your Bid; South-West (Plymouth) Peninsula; West (Bristol) Public Life.

BBC 2

11.00 am Play School (As BBC-1 3.55 pm).
6.00 The Voyage of Charles Darwin.
7.00 Schubert 1797-1828.
7.30 Mid-Evening News.
7.35 Delia Smith's Cookery Course.
8.00 Country Game.
8.30 Westminster.
9.00 Butterflies.
9.30 Horizon.
10.20 Sounds Like Friday: Leo Sayer.
10.50 Late News.
11.05 Schubert 1797-1828: Piano recital.
11.45 Closedown (Reading).

LONDON

9.30 am Schools Programmes. 11.54 Beany and Cecil Cartoon. 12.00 A Handful of Songs. 12.10 pm Pipkins. 12.30 Three Little Words. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Farmhouse Kitchen. 2.00 Money-Go-Round. 2.25 Friday Matinee: "Thursday's Game," starring Gene Wilder and Bob Newhart. 4.15 Raven. 4.45 Magpie. 5.15 Thames Sport.

5.45 News.
6.00 Thames at 6.
6.30 Emmerdale Farm.
7.00 The Muppet Show.
7.30 Survival.
8.00 General Hospital.
9.00 Vegas.
10.00 News.
10.30 Police 5.
10.40 Soap.
11.10 The London Programme: David Nissan investigates the pressure that Lloyds of London is now under.
12.10 George Hamilton IV.
12.40 Close: Painting by Renoir with music by Cesar Franck.

All IBA Regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 2.25 Friday Film Matinee: "Our Town." 5.15 Happy Days. 6.00 About Anglia. 7.30 Father Dear Father. 10.30 Probe. 11.00 Friday Late Film: "In Search of Gregory" starring Julie Christie. 12.40 am Women Who Matter.

ATV

1.20 pm ATV Newsdesk. 2.25 Movie Matinee: "In This House of Brede" starring Diana Rigg. 5.15 Happy Days. 6.00 ATV Today. 7.30 Doctor on the Go. 10.30 Soap. 11.00 The Creature Feature: "Trog" starring Joan Crawford.

BORDER

†1.20 pm Border News. †2.25 Matinee: "Cardboard Cavalier" starring Sid Field and Margaret Lockwood. 5.15 Garnock Way. 6.00 Lookaround Friday. 6.30 Thingummyjig. 7.30 Mind Your Language. 9.00 Lillie. 10.30 Wintersport. 11.00 McCloud. 12.40 am Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 1.30 First Aid. 2.25 The Friday Film: "Jolson Sings Again." 5.15 Emmerdale Farm. 6.00 Report at Six. 6.35 The Lost Islands. 7.30 Bernie. 10.28 Channel Late News. 10.32 The Late Movie: "The Mind Benders." 12.25 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. †2.25 Friday Matinee: "Fanny by Gaslight" starring Phyllis Calvert and James Mason. 5.15 Emmerdale Farm. 6.00 Grampian Today. 6.30 The Muppet Show. 7.00 Welcome to the Ceilidh. 7.30 Mind Your Language. 10.30 Reflections. 10.35 Points North. 11.35 The Entertainers: Tannahill Weavers. 12.05 am Grampian Late Night Headlines, followed by Road Report.

GRANADA

1.20 pm This Is Your Right. 1.30 The Amazing World of Kreskin. 2.25 Friday Matinee: Robert Vaughn and David McCallum in "One Spy Too Many" (U.N.C.L.E. feature film). 5.15 This Is Your Right. 6.00 Granada Reports. 6.30 Kick-Off. 7.30 Mind Your Language. 10.30 Reports Extra. 11.00 Friday Film: Susan George in "The Strange Affair."

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 2.25 The Friday Film: "The Spirit is Willing" starring Sid Caesar and Vera Miles. 5.15 Laverne and Shirley. 6.00 Report West. 6.15 Report Wales. 6.30 Emmerdale Farm. 7.30 Mind Your Language. 10.35 Report Extra. 11.05 The Friday Film: "The Moonlighter" starring Fred MacMurray and Barbara Stanwyck.

HTV CYMRU/WALES—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.15-4.45 Plant y Byd. 6.00-6.15 Y Dydd. 10.35 Letter by Letter. 11.05 Outlook. 11.35-12.30 am The Outsider.

SCOTTISH

SOUTHERN

TYNE TEES

ULSTER

WESTWARD

YORKSHIRE

BBC Radio New Wavelengths

1	1053kHz/285m, 1089kHz/275m
2	693kHz/433m, 909kHz/330m & 88-91vhf stereo
3	1215kHz/247m & 90-92.5vhf stereo
4	200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf

Capital Radio: 1548kHz, 194m & 95.8vhf

London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(s) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 6.00 Roundtable. 7.30-10.00 As Radio 2. 10.00 The Friday Rock Show (s). 12.00-Close As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Tony Brandon (s) including 6.15 Pause for Thought. 7.32 Terry Wogan (s) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.03 Jimmy Young (s). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House in Wilmslow (s) including 1.45 Sports Desk. 2.30 David Hamilton (s) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (s) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Sequence Time in the Radio 2 Ballroom (s). 8.02 Frank Chacksfield conducts the BBC Radio Orchestra (s). 8.45 Friday Night Is Music Night (s). 9.55 Sports Desk. 10.02 Support Your Local. 10.30 Let's Go Latin. 11.02 Brian Matthew introduces Round Midnight, including 12.00 News. 2.05 am

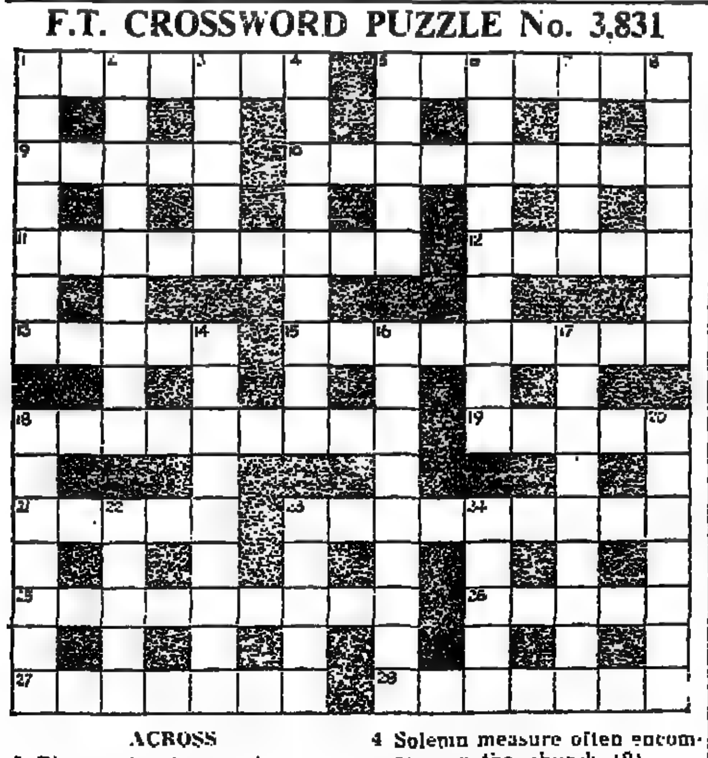
RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (s). 8.00 News. 8.05 Morning Concert (s). 9.00 News. 9.05 This Week's Composer: Rimsky-Korsakov (s). 10.00 BBC Scottish Symphony Orchestra (s). 11.20 Young Artists Recital (s). 12.15 pm Midday Prom part 1: Mozart, Mendelssohn, Britten (s). 1.00 News. 1.05 Playbill (s). 1.20 Midday Prom part 2: Mozart, Mendelssohn (s). 2.05 Russian Music for piano by Snaper. Prokofiev (s). 2.45 Delius As I Knew Him. Eric Fenby conducts and talks (s). 3.40 Young Composers 78 (s). 4.30 Bartok's for Children (s). 4.50 Youth Orchestras of the World (s). 5.45 Homeward Bound (s) (‡ only from 6.25). 16.30 News. 16.35 At Home. Guido Cantelli conducts Schubert's "Great" C Major Symphony. 7.30 The Art of ... Maurizio Pollini (s). 8.00 Chicago Symphony Orchestra Live from its Home, Concert, part 1: Blackwood, Boccherini (s). 8.55 Impressions of Chicago (talk by John Sparrow). 9.15 Concert, part 2: Mendelssohn. 10.05 South Africa and the Conscience of the Lawyer (address by Sydney Kentridge). 10.45 Three Short Stories on Tonight's Schubert Song on record.

RADIO 3 VHF ONLY—6.25-7.30 pm Open University.

RADIO 4

F.T. CROSSWORD PUZZLE No. 3,831



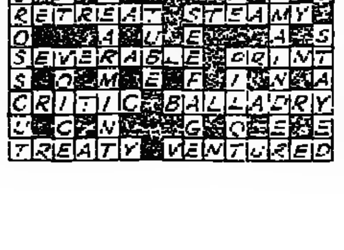
ACROSS

1 Placing the shot on the green (7)
5 Most returned and ran inside for support (7)
9 Praise part of next Olympics (5)
10 Astonished by a quarter fold (3-6)
11 All love people in race and plot (9)
12 Invigorate soldiers when returning without gas (5)
13 Precise but without decree (5)
15 Science likely to disclose stray moon? (9)
18 One who feigns to be a claimant (9)
19 Unit of the Marines? (5)
21 Inclined to include the French worker (5)
23 Constellation that's sublime to endure (5.4)
25 Show business—just" (5.4)
26 Dimension with initial depth inside (5)
27 Scene of operations and performances (7)
28 Ridiculed free act outside (7)

DOWN

1 Talk foolishly about the Spanish clergyman (7)
2 Bird I'll eat incorrectly and tickle (9)
3 Land that is leased (5)
4 Solemn measure often encompassing the church (9)
5 Flower of Notts? (5)
6 Following the majority and being stern (9)
7 Scorn and good Pole (5)
8 Create space for what roadmen do (4.3)
14 What doctors provide to get at me in 5 down (9)
16 Dye making bird sore (6.3)
17 Not closely defined as pipes and trusts may be (4-5)
18 Overcoat for wan child (7)
20 Charmed unusually and moved like soldiers (7)
22 Stone a crowd (5)
23 Break the skin and eat (5)
24 Does it provide a pull in Blackpool? (5)

Solution to Puzzle No. 3,830



ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

CINEMAS

مكاتبات الأصل

Cinema

War of the Words by NIGEL ANDREWS

Camouflage (AA) Paris-Pullman
The Thirty-Nine Steps (A) Leicester Square Theatre
Piranha (X) Scene and Classic Oxford Street
Sweet Hunters Electric Cinema
The Girls Scala

Camouflage, by the Polish director Krzysztof Zanussi, is much less forbidding than its subject-matter might suggest: the inter-scholastic squabbles of a group of students and teachers sequestered in a summer school in rural Poland where the main question is—Who Will Win First Prize For His Thesis On Linguistics?

Don't go away, I know it sounds uninviting. But I have seen the film twice and can honestly and highly recommend it. Like most of Zanussi's films —he made *Family Life* and *Illumination*—it takes the shape of a lively, closely-wrought debate: pitting one wittily personified set of moral values against another. The conflict here is between the cynical, roguish, "realistic" Professor who runs the summer school—according to his special brand of authoritarianism and mild corruption—and the idealistic greenhorn of a young teacher (Piotr Garlicki) who keeps rubbing up against him and reeling back aghast at his superior's lack of scruples.

A sort of cross between Faust In Academia and C. P. Snow Goes to Poland, the film is sly, funny and consistently engaging. The Mephistophelian Professor, brilliantly acted by Sbigniew Zapasiewicz, argues his case for enlightened self-interest with a throw-away wit and a thought-afore-malice that are hard to resist. And when the fragile protocol of academic life disintegrates in the film's climactic 20 minutes — a student bites the ear of the visiting Rector, squabbles erupt about the merits of the winning thesis—it suddenly catapults the antagonism between the Professor and his junior from the intellectual to the physical. The last scene, both funny and shocking, has the two men tussling and shouting in the riverside mud as dawn breaks on the summer school's last day.

Meanwhile, a whole comic subtext runs through the film about the snares and foibles of human communication. The subject of the summer school is Linguistics, yet no one at the school seems quite to know how to talk to each other. The young teacher is pursued by an English girl, who woos him with a hilarious mixture of basic English and pidgin Polish. The young teacher and the Professor argue constantly at cross-purposes and cross premises. And Zanussi gradually, cleverly, instils in us the notion that language is a frail superstructure built by human beings atop a chaos of natural instincts and emotions.

Robert Powell in 'The Thirty-Nine Steps'

*

The third screen version of John Buchan's *The Thirty-Nine Steps* hits the screen with rather more of a smack than the second one (made in 1959). In that soggy meringue of a film, if you remember, Kenneth More ran across the Scottish highlands handcuffed to Taina Elg and kept up a breezy British *sang froid* while the plot and the supporting cash collapsed all around him. The movie was presumptuous enough to model itself directly on the 1935 Hitchcock film, and showed no flair whatever for dovetailing Hitchcockian set-pieces into a cohesive plotline.

The new version has gone back (relatively) to the book and in fits and starts it is more enjoyable. The time is 1914, the place *Britain on the brink of World War One*. A brace of Cabinet ministers has been assassinated and only John Mills, of British Intelligence, knows why. He dies, knifed, in the arms of Richard Hannay (Robert Powell), who inherits not only his coded notebook but two separate posses of pursuers: (i) the police, wrongly wanting him for the murder of Mills; (ii) three enemy agents, led by David Warner, wanting the code-book.

There are still some whirlwind departures from the novel—the 39 steps, for example, are a wholly different set—and in some cases the film seems to be caught in a tug-of-war between the vying spirits of Hitchcock and Buchan. Hitchcock's railway bridge sequence is revived in miniature, with the Forth Bridge disappointingly replaced by a minor viaduct over a river. And when our hero runs into blonde, brittle, beautiful Karen Dotrice at a Scottish castle, one briefly wonders if she will be called on to do service as Madeline Carroll. She isn't. The film keeps female interest Buchan-like in the background and pushes the story on to an enjoyably preposterous finale at the top of Big Ben.

It's all light-years away from Hitchcock, but then what, in the comedy-thriller department, isn't. Robert Powell is short on charisma but long on willing *élan*, and cameraman John Coquillion achieves some lovely contrasts of shade and colour in the Whitehall and Scottish-castle interiors. The director was Don Sharp, who could have used a little more reckless vitality throughout. In short, a curate's egg, but an enjoyable one.

*

"What about the goddam piranhas?" "They're eating the guests, sir."

Hollywood, which must be counting off menacing creatures on trembling fingers, knowing that the supply is limited, have now come up with piranhas. Or rather, not Hollywood, but that special Z-movie sub-division of American cinema spearheaded by producer Roger (*Death Race 2000*, *I Never Promised You a Rose Garden*) Corman.

Piranhas are fairly low down on the list of animals everyone loves to hate, since though highly objectionable in their eating habits, they are home-loving and predictable in their habitats, having a fondness for the tropics. In *Piranha*, screenwriter John Sayles and director Joe Dante have solved that problem by having a government-funded research laboratory accidentally spilling mutated, cold-water piranhas into North America's rivers. Bradford Dillmann and Heather Menzies are our hero and heroine, frantically pursuing the toothsome creates down-river from one terrorised camping resort to another.

The film itself rather misses the boat. It is never quite frightening enough in its *Jaws*-derivative scenes of waterside panic: never quite funny enough in its moments of Hollywood cliche and pseudo-science. (Barbara Steele, erstwhile Rank starlet and Italian horror queen, bares her teeth as a Government fish expert.) The most blood-curdling thing about the film is its pre-publicity. A month ago I received from the distributors a flat, sinister-looking placard which when unwrapped snapped viciously into a sharp-edged box shape. Guaranteed, as they say in *Monty Python*, to break the ice at parties, or possibly to shorten your life expectancy by several months.

*

Sweet Hunters, made in France in 1969, is one of those "lost" films that continue to look rather lost even when they are found. Brazilian Ray Guerra directed this strange story of three island-dwelling eccentrics living in fog-wrapped seclusion . . . I'm not sure where. Sterling Hayden is the grizzled ornithologist, with Captain Ahab beard and elemental growl of a voice: Maureen McNally is his enigmatic wife; and Susan Strasberg is her younger sister, brooding, so the synopsis tells us, "on the nature of happiness." Out in the fog and the wind, sheets flap on the clothes-line, bird-nets catch no birds, and an escaped prisoner is mysteriously rumoured to be at large.

Sea-shell-like, the film is beautiful and fascinating on the outside, oddly empty and lifeless within. Some gigantic allegory is obviously going on, but its lower rumblings are too *basso* to decipher, its higher pipings too thin and fey. Guerra was one of the leading lights of the Brazilian Cinema Novo in the 1960s and made a masterpiece of political cinema called *Os Fuzis* (*The Guns*). There meaning and symbol dwelt in close, urgent harmony. Here they have parted company altogether, the images flying off into some crazed ionosphere of art-movie exoticism, the meaning (odd hints about the Vietnam war and Western imperialism) left behind like obscure paw-prints in the island sand.

*

I cannot go on mentioning and eulogising Sumitra Peries's *The Girls* week after week. But since it has now moved from the London Film Festival to a public run at the Scala cinema (and only for a week, forsooth), please go and catch it there if you did not see it at the festival. It is a haunting, beautiful film from Sri Lanka: the story of two sisers whose dreams of romantic fulfilment lie in different directions (one loves a young schoolteacher, the other wants to be a beauty queen), but whose dreams and stories are bound together in the film's equisitely slow, soft, lethargic-lyrical atmosphere.

Riverside Studios

Mori el Merma

Picture those great figures that you see in any Mediterranean festival procession, huge parodies of humanity grotesquely distorted. Generally they will simply be paraded with no more movement than perhaps a turning of the head this way or that. La Claca, the Catalan company now at the Riverside, can do better than that. For one thing, they have had their monsters designed by Joan Miró, and his creatures truly look as if they were the living originals of the figures he puts on his canvas. Moreover these figures are practical, they can do more or less what human figures do, and indeed some things that human figures can not.

There is no point in my describing them in any detail; that would be, to repeat my favourite quotation from A. B. Walkley, to decant champagne. Their functions at any rate are easily discernible. The biggest and most macabre of them are the aristocrats, the bosses, the colonels, name them according to national circumstance. Biggest of all, a giant Ubu figure, is the dictator. Attendant on these creatures is a corps of uniformed sycophants that may be servants, police or soldiers. A pack of smaller creatures, with masks that made me think of the sad priests awaiting the resurrection at the end of *The Royal Hunt of the Sun*, climb about the scenery like monkeys. These are the people.

Leonard Burt

One of Joan Miró's figures for 'Mori el Merma'

If you like. What is so charming about the show is that you need not go along with the politics. Any Catalan company today is bound to have a political motivation; but *Mori el Merma* gives a full evening's delight just from the comic invention of the company. It is pure slapstick; I visualise La Claca as an open-air company. But there are moments of real poetry—the first appearance, for instance, of the little people, individually spotlit as they flit about the scaffolding with their chirping sounds (there is no dialogue); and the apotheosis of the dictator, his fantastic upperworks raised magically aloft to reveal the human figure within.

There is nothing highbrow about the evening. Joan Miro is a neo-surrealist, if you like, influenced by Kandinsky, no doubt; but these figures and their antics are for everyone—the great lion (or dog or whatever) whose hind legs walk off independently, the respectful replacement of Ubu's missing foot at his lying-in-state, these are Bank Holiday material.

The company is 12-strong, though you would think there were more as they scamper up and down the set. The director is Joan Baixas. **B. A. YOUNG**

Oxford Playhouse

Dr. Faustus by GARRY O'CONNOR

Marlowe, it is claimed, wrote only some seven or eight hundred lines out of the 2,000 which have come down to us in various texts of *Dr. Faustus*, the rest being the work of inferior collaborators. Jeremy Howe, the director of this OUDS production, has not departed from recent practice in judiciously strengthening the narrative by removing padding put there for the groundlings. To this end he has cut the unprogressive foolery with Robin and Dick at the inn and the salacious but irrelevant episode when the Duchess of Vanholt, under her husband's nose, indulges in bawdy horse-play with Faustus. It is the spiritual content of the piece that occupies Mr. Howe. By focusing our attention on Faustus's inner deterioration, the earthly delights for which he sold his soul, far from tempting, have the reverse effect with, at best, Faustus having to pretend enjoyment of the fruits of his pact.

Part of the purpose may be to show that the play is autobiographical—and no one could deny that Marlowe led a hellish existence, ending with two inches of dagger in his eye—but overall the impression given is that, from the time fire is brought to stop Faustus' blood congealing so that he can sign in it, he is already in Hell: "Why this is Hell," as Mephistopheles says. What is often seen as theological ambiguity becomes straightforward Morality.

The approach is masterly and it results in a most thoughtful and cogent production. For instance, Faustus sits through the parade of the Seven Deadly Sins endeavouring to stop them encroaching on his person. Wrath in particular, is perfectly shown, arms pinioned by ropes, thrashing about on the floor, lunging out vainly with a rapier; Envy and Lust are no less grotesque and loathsome, which gives the comment "In Hell is all manner of delight," a strong and earthy resonance.

The device of using only six performers in addition to Faustus (played by Martin Hatfull) works equally well. These six (Mike Morris, Karen Rasmussen, Tim McInnerny, Simon Stokes, Paul Baron and Simon Bell) stay on set throughout, donning various disguises, their dark, gleaming make-up giving an unearthly tint to the proceedings. The text is spoken with great deliberation and care, all the production effects, such as the music and lighting, show poise and precision.

Coliseum

The Marriage of Figaro by MAX LOPPERT

The previous English National Opera *Figaro* made its way from Rosebery Avenue. There, it had been a production distinguished above all by Charles Mackerras' conducting, and by his stylistically authoritative (and, at the time, virtually revolutionary) edition of the score. But brought to St. Martin's Lane, it fitted the larger stage ill, and the style tended to evaporate, especially when Mackerras was absent from the pit.

So the new *Figaro* production by Jonathan Miller, first seen on Wednesday, was overdue, and for that reason alone can be welcomed. Its strongest feature is the sets of Patrick Robertson —French rather than Spanish in accent, modelled on a Loire chateau (Villandry is my guess, owing to the box-bordered garden in heart shapes that forms the scene of Act 4). The fit of the interior scenes is still not quite right and we never forget that it is a large stage, and a large house, for Mozart; but in combining harmonious form, surprising detail, and light, lucidly proportioned blends of colour, Mr. Robertson has successfully reflected and housed the events of Mozart's opera.

Leonard Burt

Lillian Watson, Sally Burgess and Valerie Masterson

Otherwise it was, in the main, a disappointing evening. This is a notice that in some ways one would prefer not to write, knowing that several of the weak points—persistent lapses in synchronisation between pit and stage, say, or the insecurities of rhythm among the more nervous members of the cast—are bound to be put right after a few performances. What is less certain is whether the production has established a core of stylistic exactitude and conviction that will form a sound basis for development and playing-in.

Dr. Miller has been much quoted in the Press, recently, on the aims and the particular character of his *Figaro*. Watching the show, the feeling was hard to suppress that it had been more interesting to read about than actually to experience. The unfolding of the action and the development and interaction of the characters lack, for the most part, a clear, consistent style. Events on stage are allowed to veer between the very plain (Cherubino delivers "Non so più" from a single seated postion) and the vulgarly farcical (the quartet of Figaro, Susanna, Bartolo, and Marcellina blows a group raspberry at the Count on making its departure after the Act 3 Sextet), and there seems to be no underlying thread of purpose to connect them.

Except for Sally Burgess, who plays Cherubino as a "real boy," with a winning lack of affectation, and who sings with a similar pleasing naturalness, the singers seem to have been left to their own devices while Dr. Miller concentrates his considerable ingenuity on inventing redundant "solutions" to non-existent problems. The introduction to "Porgi amor" becomes here an introduction to the two Almaviva children: this piece of folly constitutes the producer's most notable contribution to the evening.

As the female side of the cast is markedly more practised in its devices than the male, it makes a correspondingly stronger impact. Lillian Watson's loveably plucky, down-to-earth Susanna, warmly and spiritedly voiced, is, though new to this house, an old friend. Valerie Masterson plays the Countess with innate elegance and strength of a true Mozartian, and sings with much of her wonted limpid beauty of tone (even if, plopped unbecomingly in an armchair, she made less of "Dove sono" on Wednesday than one expected her to). The conjunction of the two voices, similar in graceful lightness, different in colour, was one of the pleasures of the evening. Another was Ava June's Marcellina, attractive and youthful enough to provide a credible threat to Susanna's marriage. She was given her fourth act aria (as was Basilio), but wanted the breath-span to do it full justice.

The house seems, understandably, on the large side for these voices, but it seemed not quite large enough for the stentorian bass Figaro of John Tomlinson. Dr. Miller is on record as believing the *Figaro* men to be less intelligent and less mature than the women; perhaps Mr. Tomlinson's booming of his first-act aria and his lack of quicksilver irony in his fourth-act one could be recognised as a consequence of that belief. His delivery of the Dent translation is excellently clear. If not vocally, then in almost every other way, the role of the Count appears to lie outside Christian du Plessis's range. In the other male performances —Dennis Wicks' Bartolo, Stuart Kale's smooth-voiced Basilio, Eric Shilling's Mummerset gardener—character resides so far in costume, wig, and familiar gesturing. Edward Byles's lawyer stutters with painful and hair-raising conviction.

Charles Groves conducts—as yet discreetly, with the virtues but also the limitations of sober efficiency that are deemed kapellmeisterly. In the great Act 2 finale, its emotional complications wrenched tighter with each new change of key, discretion in the pit and blandness on stage added up to a tepid response. Sir Charles has taken some care over the "grammar" of the vocal lines —many, though not all, of the obvious opportunities for cadenzas, ornaments, and appoggiature have been well regarded.

Festival Hall

BBC Symphony by DAVID MURRAY

Wednesday's BBC concert, divided equally between Czechs and Hungarians, did not quite fulfil its promise on paper. It had its rewards, certainly; the reliable expertise of Charles Mackerras guaranteed faithful accounts of the four pieces, of which only the *Psalmus Hungaricus* of Kodaly has some claim to familiarity.

Wherever one dates the emergence of the real Bartok—at *Miraculous Mandarin*, perhaps, or *Bluebeard's Castle*, or even as early as the "First" Violin Concerto—that elusive moment must come some way after *Kossuth*. It is a patriotic epic complete with battle-scene; there are first shots at using Hungarian folk music honestly, but they are all but submerged by honest Straussian pastiche. The opening pages unerringly evoke *Don Juan*; the battle itself is pale and stiff beside the one in *Heldenleben* (though the ear of faith may detect the rattle of the "Wooden Prince" in Bartok's sneering parody of the lovely Austrian national anthem). Three or four orchestral devices were to recur in mature works to better purpose. This performance was more carefully loyal than stirring—like that of Dvorak's *Othello*, where the required vehemence was not to be had from the passionless BBC strings.

Janacek's *Amarus* of 1897 is typically odd, not least in its combination of music and text. Vrchlicky's poem is of the size and scope to make a good early Hugo Wolf song, a gently bitter sketch of a lonely monk who expires after a second-hand experience of romantic love. Janacek, for whom the simple elements of the poem roused sharp autobiographical echoes, expanded it into a full-dress cantata, stately and a bit inflexible but heartfelt. Much depends on the poignant vision of young love at its centre; Mackerras paced the work admirably, but the sturdy, mature tenor of John Mitchinson was the wrong instrument for that cruelly tantalising revelation. His bluff manner was well suited to the opening narration (which Janacek intended for a baritone), but with the welling-up of personal feeling quite another colour was needed —and sorely missed. Some keener edge of involvement was wanted for King David's self-communings in the *Psalmus Hungaricus*, too; in an otherwise strong and effective performance, Mitchinson's King sounded several degrees more stolid than the alert BBC Symphony Chorus. It is not often that Mackerras readings seem so bland.

Polytechnic chorus debut

The North East London Polytechnic Chorus is giving Bach's B Minor Mass for its first major London concert in St. Peters, Eaton Square, on Sunday November 26 at 7.30 pm.

The soloists will be Miriam Bowen (soprano), Margaret Cable (contralto), Martyn Hill (tenor) and Richard Jackson (bass). The NELP Chorus and orchestra, leader Diana Cummings, will be conducted by Michael Kibblewhite.

FINANCIAL TIMES
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Friday November 24 1978

Guidelines on subsidies

ONE OF the reasons why the European Economic Community has never evolved a coherent industrial policy is the existence of wide philosophical disagreements among member countries on what the aims of industrial policy should be. Some countries, notably West Germany, emphasise the need for rapid adjustment to market forces, with the least possible intervention from government. Others, notably the UK under the Labour Government, see a larger role for subsidies and other forms of assistance to cushion the effects of market forces. This difference of approach has become a more important source of friction over the last two or three years as national aids to industry have increased. The Germans complain, as they have done this week in relation to steel, that national subsidies are having a distorting effect on competition within the Community, while the UK wants to retain its freedom to handle declining industries as it thinks fit.

Delicate

The immediate problem is the extension of the so-called Davignon plan for the steel industry into 1979. The Commission's proposals include a limitation on state aids which Britain and Italy are apparently most reluctant to accept. The Germans are reported to be insisting that they will refuse to go along with the rest of the plan—including the continuation of restraint on imports from third countries—unless the proposals on state aids are implemented. The difficulty is that several countries, including France and Belgium, are in the throes of delicate negotiations on the restructuring of their steel industries; they presumably want to use whatever combination of carrots and sticks is most likely to be effective, without interference from Brussels.

Since the German steelmakers are as interested as the rest of the European industry in a stable market, some compromise is likely to be worked out. But the problem is certain to recur, because it is central to the whole question of what sort of industrial policy, if any, the European Community should have.

The absurdity of present arrangements is seen most clearly in the case of synthetic fibres. Partly because of Government subsidies, especially in Italy, more fibre-making capacity was installed in Europe than the market could absorb. Faced with the prospect of excess capacity and unremunerative prices for some years to come, the leading European companies, with encouragement from Brussels, devised a co-ordinated approach to capacity reduction, only to find that this was in breach of the EEC's rules on competition. There are, of course, other reasons for the industry's difficulties, but clearly its ability to adjust to market changes would have been greater if the subsidised capacity had not been brought into existence.

The capacity reduction scheme in synthetic fibres was backed by one EEC Commissioner, Viscount Davignon, who is responsible for industrial policy, but opposed by another, Mr. Raymond Vouel, who is responsible for competition policy. This leaves the fibre makers, and the rest of European industry, in some confusion. Mr. Vouel evidently believes that *anti-crisis cartels are incompatible with the market economy* and that if a concession is made in one sector it will quickly spread to others. But Viscount Davignon sees an important role for the Commission in co-ordinating the modernisation and restructuring of European industry: this *seems to imply*, as is already happening in steel, extensive inter-company co-operation.

Strict rules

Some tension between the two arms of the Commission is probably unavoidable. What is important is that there should be acceptance by member governments of the need for strict rules on state aids to industry and that these rules should be rigorously policed by the competition directorate of the Commission. Subsidies provided in the name of adjustment assistance too often have the effect of delaying adjustment and, as a by-product, creating unfair competition for producers in other countries. Instead of a series of arguments on steel, shipbuilding, textiles and so on, it would be better to reach agreement on which industrial subsidies are acceptable and which are inconsistent with Community rules.

Trying again on Rhodesia

EVENTS IN Rhodesia are playing themselves out with what looks like tragic inevitability. Repeated efforts by the British, and more recently the American Governments to contrive a settlement have so far led to nothing. The war is escalating, Mr. Smith *clings to office and the prospect* for all-party negotiations appears as bleak as ever. But that does not mean that Britain can now wash its hands of the affair. So long as the slightest hope exists of averting a worse disaster, the diplomatic effort must continue. If the talking stops, it will be difficult to restart it.

Camp David

If, therefore, there is any chance of success for the latest Anglo-American mission to Salisbury announced by the Prime Minister yesterday, the initiative is to be welcomed. But until more is known about the background to Mr. Callaghan's decision, it is difficult to interpret it as much more than a response to domestic political pressures. Since the debate on the Queen's speech, the Tories have been strenuously demanding a new initiative and have gone as far as to suggest the convening of a private summit conference in the style of Camp David.

On all sides there have been complaints that previous British emissaries to Southern Africa have not enjoyed sufficient seniority or prestige. By choosing Mr. Cledwyn Hughes, a respected former Commonwealth Secretary, as the UK's representative, Mr. Callaghan has gone a long way towards disarming his critics.

There is, however, depressingly little sign that the real political and military situation in Southern Africa has changed in any way that would warrant *a resurgence of optimism*. Mr. Smith, it is true, has been saying since his U.S. trip last month that he is ready to attend a conference "without pre-conditions." But the two Patriotic Front leaders, Mr. Joshua Nkomo and Mr. Robert Mugabe, are now adamant that they would only come to the negotiating table if Mr. Smith first steps down and disbands the Rhodesian Army. Even if Mr. Smith could be persuaded to retire from the scene, it is inconceivable that any Government in Salisbury, whether black or white, would put itself at the mercy of the Patriotic Front by *laying down its arms.*

Mr. Smith may have been trying to impress world opinion with his reasonableness by accepting an all-party conference. But to his enemies it is a sign of weakness. He would clearly not have done so if his internal settlement was working as he intended. For the moment, he is still in a fairly strong military position. But his strength is being eroded with every week that passes, and the evidence is there for all to see. The white exodus, black discontent *with conscription*, the extension of martial law and the first terrorist attacks inside the boundaries of Salisbury are all signs pointing in the same direction. It may well be that there were "mechanical," or constitutional, reasons for the postponement of elections from December to April. But it is equally true that it would be difficult, if not impossible, for the interim Government to stage a valid, nationwide election in the present circumstances.

Mr. Callaghan has said that he will chair a conference in the UK in the New Year if the Cledwyn Hughes mission shows that there is a sufficient basis for it. With the right participants, it would obviously be worth a try. But there would be no point in a conference that was not attended by at least one of the Patriotic Front leaders. So far, however, continuing Anglo-American efforts to drive a wedge between Mr. Nkomo and Mr. Mugabe have failed, and *Rhodesian raids on Mr. Nkomo's* camps in Zambia have done little to help. Mr. Callaghan admitted that the difficulties of Mr. Hughes's mission should not be underestimated. The problem is that failure would render future diplomacy even more difficult. Each failed initiative makes the next one less credible.

The banks' lending margins are narrowing

Worrying patterns in the Eurocurrency markets

BY MARY CAMPBELL

MR. Gordon Richardson, Governor of the Bank of England, took the opportunity of a semi-public after-dinner speech to a group of London bankers recently to utter a warning about recent developments in the Eurocurrency markets. The warning was mild—"there are some disturbing features of the present state of market," was about the strongest phrase the Governor used—and it was given in the context of general and particular expressions of confidence in the way the banks work.

There are many within the market who are much more worried than the Governor about present trends, and have been increasingly so for some months. The feeling is particularly strong among those who lived through the 1973-74 period.

For anyone who lived through the run up to the collapse of the Herstatt Bank closure the resemblance between Euromarket trends in 1973-74 and in 1977-78 is uncanny. On both occasions a collapse of the dollar on the foreign exchange markets, followed, after an *interval of months, by interest rate rises*, has shut the dollar bond market.

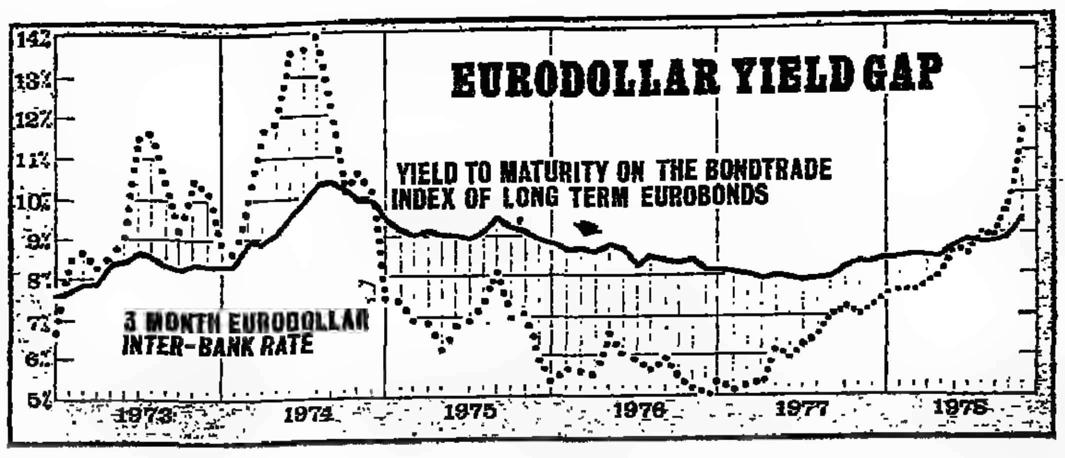
On both occasions, margins on international syndicated loans have continued to narrow long after the bond markets had cut back their activity.

What has not happened this time around is some sharp shock which could trigger 1974-style paralysis, if not worse.

But as each development of 1973-74 has been echoed in the last two years the cloud hanging over the markets has darkened further. Given the pivotal position of the Swiss banks in the international banking system, Credit Suisse's losses in Chiasso early last year were taken by some at the time to be the harbinger of doom. Others now speculate that the current Iranian crisis, with its overtones of oil price rises and country debt problems, might hit the system sufficiently to trigger panic withdrawals of deposits.

The most recent candidate of all is President Carter's move to use the interest rate weapon and to call for special reserve requirement in the defence of the dollar, a decision whose effects have yet to emerge.

Given the degree of *deja vu* about the past two years, one might well have expected banks to have stopped lending well before the brink — or have expected the central banks to step in and make them stop. In *the bond markets there is* evidence that issuing banks and dealers have weathered the storm much better than in 1973-74. This is partly because redemptions and interest payments have been running at much higher levels and some of these funds have willy-nilly found their way into bonds even at the worst moments.



But it is also because, having grown warier, dealers were not caught with such large portfolios to finance with expensive borrowed money. Although it is only in the past three months that short rates have gone well above long rates, the market has certainly been better prepared this time.

Top quality borrowers

In the business of commercial bank lending it is a different story. Given the experience of 1973-74 when the margins which borrowers paid over inter-bank rates rose sharply from their floor of ½ per cent, one might have expected the banking system to have stopped lending well before they reached this level this time round. There has been much less low margin lending this time, but probably because the top quality borrowers have not needed so much money.

The U.S. banks have stayed in the background and fees are probably being maintained at higher levels. But the general picture has been of banks repeatedly if reluctantly agreeing to lend at new low margins which they had rejected out of *hand a few months previously.*

Viewed from another perspective the fact that several less developed countries have effectively defaulted on their commercial bank loans since 1974 might have been expected to put banks off such lending on a large scale. Not a bit of it. They have gone ahead.

Most serious of all, the expectation that banks would be better prepared to face panic withdrawals of deposits in 1978 than they were in 1974 would also appear, from the very *limited evidence available, to be* unfounded.

Discussion of this last subject is almost taboo for fear that it provoke the very crisis of confidence which everyone fears. It should be made clear that no one thinks that the international banking system will collapse. The experience of 1974 proved that the central banks were in the last resort prepared to stand behind the Eurocurrency system (some would argue this has itself contributed to sloppy lending practices).

What is at stake, as 1974 also showed, is a great deal of unpleasantness for a lot of institutions and individuals: for borrowers whose borrowing programmes had to be postponed indefinitely, as well as for the banks themselves.

One should also emphasise that another Herstatt is not assumed to be inevitable. Whether trends in the international commercial banking business are cyclical or whether the tight money conditions of late 1974 were an aberration never to be repeated is an unanswered question. However, the banking system ought to be prepared.

By definition, an international banking crisis involves withdrawals of deposits. And the best criterion for judging the strenth of the system is the banks' capacity to withstand panic withdrawals.

International banks have four lines of defence. They can take in new deposits to replace those lost. Second, they can liquidate the short-term deposits and loans they have made to other institutions. Third, they can call on the standby credit lines from other banks which they have permanently at their disposal to deal with just such an eventuality. Finally, they can call on the central banks to print more money.

Admission of defeat

In a crisis, one can assume that the first option would not be available. The third option —activation of the standby credit lines on a significant *scale — would itself already* be an admission of defeat since substantial drawings on them would imply a situation where there is already big dislocation. (As with the U.S. need to activate credits arranged to defend the dollar, the real question is not whether they are adequate but how far they have to be used at all.) The fourth alternative is a last resort only.

The second option — the financing of deposit withdrawals by liquidating the banks' own short-term assets—is thus the key. The very inadequate and out of date information which is available suggests that the banking system was in a better position to face a run in 1974 than it is in 1978.

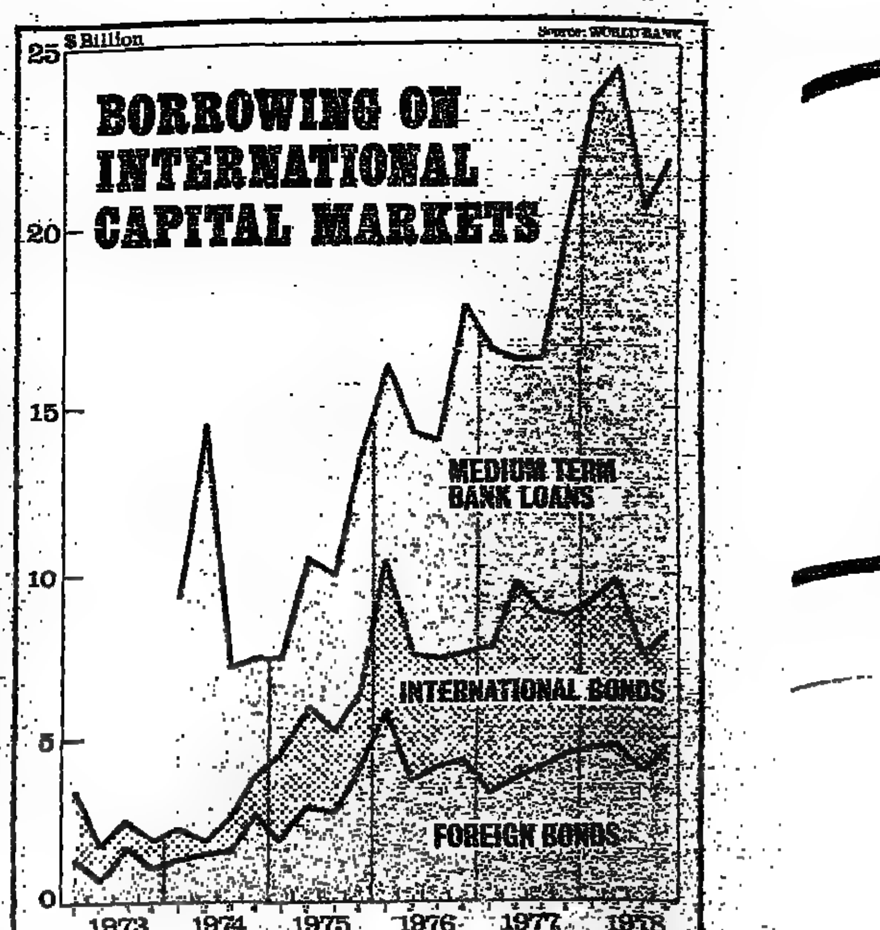
The key set of statistics is the analysis of the maturities of Eurocurrency deposits and loans of banks in London which is published quarterly by the Bank of England.

The last analysis published shows that in May 1978, London banks of all nationalities were in a position to repay 77.8 per cent of their very short term deposits by liquidating equally short-term loans or by selling certificates of deposit. In May 1974, the month before Herstatt was closed, the comparable ratio was 92.6 per cent. If one eliminates CDs, which some argue would be relatively illiquid in an international banking crisis, then the proportion of short-term deposits which could be paid by withdrawing other deposits was 70.7 per cent last May and 82.8 per cent four years earlier.

This deterioration of the capacity of the banks to repay deposits on demand cannot be dismissed on the grounds that short-term business has become less important to them. Between 1974 and 1978, banks slightly increased that proportion of their total deposits which was callable virtually on demand.

The real problem is on the assets side: banks have substantially cut back the proportion of their total assets which are invested short term. It is worth noting that as of last May the proportion of their assets which international banks could mobilise within eight days was lower than the building societies' traditional ratio of liquid to total assets.

The other particularly interesting feature of the comparison of May 1974 with May 1978 is that the capacity of different groups of banks in London to withstand a run has changed markedly. In May 1974, almost all the banking system's short-term mismatch was concentrated in the U.S. banks. The Japanese banks were at that time in the position of holding substantially more short term assets than they had deposits—they were borrowing for three or six months to finance not only their longer term loans but also their spot loans.



Vulnerable to withdrawals

By May 1978 the mismatch was much more widely spread, although the U.S. banks continued to maintain a position which was much more vulnerable to withdrawals than other groups of banks.

Banks maintain that there are several reasons for treating these Bank of England figures with reserve. The most important is that although London is still far the most important single international banking centre it is not necessarily representative of the banking system as a whole.

One can go further and say that because of its particular specialisation on money market business in the overall international banking system, and because the business as a whole consists of borrowing short and lending long, the London banking market is likely at all times to look more alarming than the system generally.

Another reason for optimism is that U.S. banks, the group which is apparently most *vulnerable, are precisely those* which in theory have unlimited access to deposits denominated in dollars. Indeed, the desire for a deposit gathering network and access to the U.S. Federal Reserve Bank is a major reason why so many big international but non-U.S. banks have recently been buying up U.S. banks.

Yet it is surprising that the clear trend of increasing vulnerability shown up in the only figures published has not prompted more debate. As The Banker commented in its last issue: "It is surely time for some open discussion on the limits to maturity transformation in the Euromarkets."

It is worth noting that if the international banking system had to fall back on its defences against a crisis of confidence it would undermine President Carter's latest campaign to support the dollar.

Because of the preponderance of dollars in the international banking business, defence against a run on dollar deposits would in the last resort mean calling on the U.S. central bank, via the U.S. commercial banks, to print more money. The success of President Carter's dollar defence policy depends on stopping the outflow of dollars from the U.S.

MEN AND MATTERS

Judging the market

It is proving a testing period for the Committee of Lloyd's. Such matters as the Savonita affair and the increasingly active role played by the U.S. firms and markets mean that the Committee just elected for 1979 is being looked at carefully by members.

But yesterday one experienced market member was complaining: "The Committee is not facing up to the problems of the moment." A strong comment, and certainly far more outspoken than the gentler assessment of Sir Henry Mance, chairman of Lloyd's from 1969-1972: "There has been a deterioration of standards but it is still a fine place to do business in. The committee is representative of the market but I suppose one might question whether it does represent the small syndicates."

Of the 16 members of next year's Committee, eight are or were connected to three groups —Bowrings, Sedgwick Forbes, and R. J. Kiln.

"I am not sure that committees often represent small interests," I was told by Lloyd's yesterday. Of the 16 members, four are brokers, two are underwriting agents and 10 underwriters.

Members are on the whole opposed to having a full-time paid executive. This opposition apparently dates back to pre-1914 days when one such man became too powerful and everyone vowed never again. Today there is a professional secretary-general, Colin Thomas, an accountant by training. While some underwriters tell me they would like to see a stronger internal civil service including university graduates, others are more worried at the dramatic growth of membership. In 1976 members totalled 8,559 but next year they will be double this. The reason for this is to spread the base of resources. But with accounts being worked out after three years this means that next year one-half of Lloyd's members will never have had a closed year, I was told.

"They haven't wasted any time!"

Thatcher hauteur

For a woman being groomed for the top by some of Britain's more expensive image-makers, Mrs. Thatcher has a strangely haughty attitude to what is written about her. Her office tells me she has not read a single one of the biographies which have so far appeared. "She feels," says her press officer, "that if the facts are right she knows what they are. If they are not, she does not want to know."

The latest work hits the bookstalls on Monday, an "exclusive, authoritative, biography," according to the cover of this slim eulogy, written by a self-styled "TV lawyer" Tricia Murray. "A successful woman writing about this uniquely successful woman," coo the publishers.

No, said Mrs. T's office, she had not read this one either, though she "might look in at the launching party. The book on the Conservative leader rubs shoulders with a wide variety of other figures in a series ranging from Doris Day to Mary Queen of Scots, Evita, and the autobiography of Frankie Howerd.

Fringe swap

One of those mushrooming conferences on fringe benefits seems to have got under the *skin of Colin Barnett, a regional* organiser for the TUC, and a *divisional officer of the National* Union of Public Employees. The £70 conference on The Impoverished Manager and his Rewards on Wednesday was designed to educate managers on the tax position regarding executive suits, school fee schemes, and the arithmetic of a wide variety of non-salary benefits.

How, demanded Barnett, could the public sector be expected to stick to 5 per cent when this sort of thing was going on? He demanded that all the loopholes should be sewn up and the money poured back into the public sector. I put this to Robert Heller, one of the speakers and editor of Management Today. He was unimpressed, retorting that he, for one, could not draw an inflation-proof pension.

All that such conferences were doing was making sure managers knew what were their rights. "It's like saying someone who drives at 30 mph in the 30 mph zone is somehow being cynical or disgusting."

Harmony bonus

When workers in the Japanese electronics industry get cross with the boss they pin badges on their lapels bearing an elegant little symbol—a stylised clenched fist with, alongside, the words "More bonus." When they get very cross indeed they organise a demonstration outside the factory gates and wave banners saying "More bonus." But always on a Sunday, their day off.

These travellers' tales were recounted to me yesterday by six trade union officials from the Thorn Group's consumer electronics division. Together with four of the group's senior management, they have just returned from a tour of Japanese television factories. And they all

sounded as if they had been to a different planet.

"It's very much a family atmosphere—everybody tries to be in harmony," enthused Rodney Love, of the Electrical, Electronic and Plumbing Trades Union. "Here, when we take action we are out to hurt the economy of the company" said the ASTMS man.

The managers were similarly impressed. Douglas Topping, the deputy engineering director, told me no-one could understand what he meant when he asked about absenteeism rates: "Then they said there was 97 per cent attendance: 1 per cent were genuinely sick, 2 per cent were on leave."

Appetising

Whatever its problems, British *business is normally safe* from at least some hazards. A stockbroker friend tells me that the Philippines firm Ledeco has had tto call in all its share certificates and issue new ones—after a swarm of white ants made a meal of the company records.

Observer

FINANCIAL TIMES SURVEY

Friday November 24 1978

City Of London Property

The strength of the City of London's property market is difficult to explain. Although it suffered a setback in 1973 and 1974 this proved to be only temporary and the world of commerce is still prepared to pay highly for the privilege of being within the Square Mile.

Market again bouncing with health

LOOKED AT objectively, the City of London is in the wrong place. It is too far from an airport to be ideal as an international financial centre. It can no longer claim to be a physical trading centre now that the Thames has lost its commercial traffic. It is politically divorced from central, local and European Community government. It has no permanent population to speak of. Yet the Square Mile remains one of the most expensive stretches of property in the world.

On the face of it, the strength of the City's property market is inexplicable. There is no rational reason for commercial tenants' enthusiasm to pay higher rents, higher rates, higher service charges and to impose travel difficulties on their staff simply to add an EC postal code to their trading address. The reason for this willingness to pay over the odds for accommodation must lie therefore beyond the realms of rationality—in tradition, in inertia, and in simple herd instinct.

Illogical

Illogical it may be, but tenants' enthusiasm for the City continues to support a market for 35m sq ft of offices producing more than £0.25bn of rents a year and worth, perhaps, £3.5bn.

It may be leaving one open to the charge of lèse majesté to question the sense of continuing to concentrate so much office property in such an improbable setting as the City. But the foundations of the City's market are worth surveying if only to put into perspective the *avalanche of information now* produced on its day-to-day health.

The reasons why tenants brave all the problems and additional costs of taking City accommodation, look suspiciously like a house of cards. The banks are here because the other banks are here, the insurance companies remain because their fellow insurers are here, and because both the banks and the insurers are here, the linking brokerage trades and the whole complex web of financial markets that makes up the City held within the Square Mile are also present.

This house of cards has proved to be pretty resilient over the years. Despite the now reviving fashion for office relocation away from the costly centre of the capital, there has been no real challenge for years to the City's pull as a financial centre. Entry into the Common Market, and early fears that international companies would abandon London in favour of cheaper European headquarters in Brussels or Frankfurt, proved unfounded.

The card house did shake alarmingly at the time of the secondary banking collapses in 1973 and 1974. But the financial foundations held, and, as the articles on rents and new developments in this survey show, the City's property market suffered only a temporary setback.

But what of the future? Property investing institutions, which take at least a 20- to 30-year view of the market, are clearly untroubled by doubts about the City's future role. The funds continue to pay a premium for good City office *properties*, and even the smallest property funds like to hold at least one City office as a portfolio "flagship."

But this unquestioning assumption that the City's past appeal as an office centre will remain and will continue to support the high rate of rent growth implied by current purchasing yields has its dangers. One growing question mark over the City market stems from advances in computer technology.

No one really knows what effect the availability of word processing machines, desk-top versions of inter-office tele-type machines and all the other electronic communication devices now being developed will have on the future pattern of office use. But institutions that ignore this technological revolution risk following the downward path of investors who stuck with the well proven water wheel and dismissed the steam engine as a temporary fad.

Behavioural psychologists have argued that workers will still need to congregate in offices even when it is possible, and more efficient, to carry out all office work from a computer terminal at home. But if and when the mass of purely mechanical clerical work is delegated to machines it may no longer make sense for companies to maintain more than a nominal presence in the high cost City market.

Talk of the technical obsolescence of the clerical worker, and a gradual evacuation of the City's 35m sq ft of offices tends to be dismissed as alarmist nonsense. But for anyone who remembers when early "Luddite" talk about computers was silenced by the comment that it would need a machine so big that it would cover the earth's surface to a depth of several feet to play a decent game of chess, it is a salutary experience to look at the children's chess computers on sale in the toy shops for this Christmas. When you are beaten at chess by a £50 piece of plastic and wiring it is time to start listening to the technical prophets of doom for office property.

It could be 20 years before we know whether electronics will have a significant impact on tenant demand and office rents in the City. In the meantime, neither office landlords nor their tenants appear to be taking much notice of possible long-term changes in accommodation needs. There are, however, a number of more immediate worries.

In its analysis of the various financial districts of the City, Richard Ellis identifies seven distinct "business villages." These are clusters of banking, insurance, stockbroking, shipping, commodity, and printing and publishing businesses as well as a concentration of public sector offices. At least three of these sectors are likely to be reducing their amount of City office space over the next decade.

The civil service offices, centred now along Holborn, are likely to be reduced by the back-wash effect of the national civil service relocation programme. Offices not directly moving from the City to the provinces are expected to be pulled into vacated space nearer to their relevant Ministries in Whitehall. No one *knows exactly how many staff* will move from the City, or when the moves will take place. But this is just one area where past letting demand is likely to ease significantly.

The printing and publishing industry is based south of the civil servants, along Fleet Street. No one who has opened a newspaper in the past few years can be unaware of the changes now under way in this industry or of the possibility that the long-term drift from the traditional heart of the newspaper world will accelerate.

Change

The stockbroking world is also in a period of change. The gradual disappearance of the private investor as a force in the stockmarket leaves brokers ever more dependent for business on a small number of institutional investment managers. Another protracted period of inactivity in the equity market would undoubtedly force more mergers within the broking world and cut demand for office accommodation in the broker belt around London Wall and Moorgate.

Looking at the other main financial areas in the City, neither the shipping nor the commodity markets have been enjoying particularly profitable times in recent years. But then neither business *occupies* anything like the space taken up by the insurance and banking groups.

The insurers and bankers occupy the biggest and the best offices in the City and whatever affects their business has a disproportionate effect on the City's property market. But then what can affect the banks and the insurers? Surely in these two at least can be found secure tenants for City property? Unfortunately, even within these sectors there are both medium and long-term question marks over their future accommodation requirements.

There is always the outside chance that the Labour Party's threats of nationalisation of both the clearing banks and the major insurance companies will eventually be carried out. Nationalisation might not immediately reduce the number of staff needing City office space. But the inevitable loss of overseas business, and the departure of *foreign* banks to a more amenable political climate, would eventually hit the property market.

Lloyd's of London remains sufficiently confident about the future to plan a giant extension of its underwriting floor and offices on Lime Street. But the shadow of U.S. competition now hangs heavily over Lloyd's and its associated insurance broking industry.

The banks look healthy enough. But as City rents and rates increase, the banks must be looking closely at the possibility of moving more of their staff out of town. As the British clearing banks occupy such an enormous proportion of City office space any significant relocation programme from the area around Threadneedle Street, Cornhill and Lombard Street would make a nonsense of many current forecasts of a City office space shortage in the early 1980's.

Much of the rest of this survey is concerned with the current state of the City property market, a market which is bouncing with health again after its years of post-crash convalescence. Set against these reports of an active market, long-term doubts about the City's role as an office centre look comfortably distant. But in the property market where enthusiasm for today's deal tends to obscure long-term thinking, the old joke about the light at the end of a tunnel being a train coming the other way is always worth keeping in mind.

John Brennan
Property Correspondent

Bringing the offices back into the inner urban areas

WHEN THE Location of Offices Bureau (LOB) was set up just *over 15 years ago, its aims were* to aid the decentralisation of offices in London. A job which it carried out with reasonable success if the 2,055 firms and 148,257 jobs that it moved out of London from 1963 to August of last year are anything to go by.

It was thought that the concentration in London was a bad thing and this thinking was accentuated when the Labour Government instigated office development permits.

However, the Government had a re-think and LOB's brief came in for a dramatic change just over a year ago. Concern for the decay of inner urban areas prompted the Secretary for the Environment, Mr. Peter Shore, to switch the bureau's direction. Instead of promoting the virtues of office development outside of London the LOB is now aiming to bring people into inner urban areas. This includes London, though the City and the West End are not considered to be needing any outside help to attract employers.

So this apparent change of direction — though any suggestion of a reversal of policy has been denied — will give the inner areas priority second only to development areas.

The other important feature of the past year was the Inner Urban Areas Act. This was passed in July and is a reflection of the new strategy pronounced in August last year. Basically, the Act extends the powers of inner city authorities to promote industrial and commercial growth.

The Act provides for local authorities to be designated by the Department of the Environment to help development mainly by offering financial aid. The local authority can declare improvement areas where it can make loans or grants for environmental improvements or to improve or convert either industrial or office buildings. Also the authority can make a loan for the purchase of land up to 90 per cent of its value. The also applies to buildings.

Impact

Obviously it will take time to see if this new Act will have any material impact, though there are those who would already shoot it down as having little chance of having much effect without the Government putting up some money. Time will tell.

The LOB is not without its shots at Government policy. In its last report the LOB criticised the fact that the Government has in the past given substantial financial support to the industrial sector but not to the office sector. In the future some of the funds should be directed into non-industrial employment. As the LOB pointed out about a quarter of all people in work are in offices and that figure is likely to grow during the next few years.

It is early days, but the change of official attitude has not had any material impact as yet. There is little evidence of a change in companies' thinking about relocation. It is hardly likely that companies who have been enticed out of inner London are going to rush back.

Some people are relocating but often it is a matter of bringing together offices dotted throughout London under one roof. The Midland Bank's move to Cannon Street is perhaps a good example.

There are also cases of relocating where there is a significant financial advantage—and not just on the arguments of rent and rates saving. For example it is understood that Spillers, the food company, will be moving out of its headquarter building in Cannon Street, next to the Financial Times, in favour of an office development in Northampton.

Spillers has been in its current offices since 1960 when it acquired a 42 year lease for around £1 a sq ft with only one rent review in 1981. Though the asking rent is £3.50 a sq ft in Northampton it has been empty for two years, and Spillers will be able to let the Cannon Street offices at a much higher rent than it is paying. If Spillers does leave it will be the second largest office block available in the City. There is a clear case of why a company might decide to relocate.

Bearing in mind the advantages of moving office staff outside of London it is hard to see why UK firms will want to move into the inner London areas. The cost and inconvenience of commuting is becoming a heavy burden for many office workers, especially those at the bottom end of the salary scales. But of course the main factor for most companies is that a move to outside London can be a substantial saving in rent and rates, though there are some points that should be made about comparative costs.

A recent survey by surveyors Debenham Tewson and Chinnocks shows that a square foot of prime office space in London costs around £23.78 on the open market — rent and rates. For illustration the cheapest location found, in Hull, costs just £2.45. In other centres the following figures were compiled: Manchester £4.18, Birmingham £3.60, Southampton £4.54 and one of the more expensive, Edinburgh at £6.34 a sq ft.

On the face of it one wonders why London offices are not flocking out to the provinces. However, such comparisons can be misleading. In fact very few London office tenants are paying anything like the open market cost of prime office sites. It is doubtful if as much as a tenth of the London office stock could be described as prime anyway and not all of that is let at up to date rents.

Cheaper

Debenham's figures are based on £15 rent and £8.78 rates in London. On average the rents inside the City are probably between a third to a half of that prime figure. So even though office accommodation outside London still looks cheaper the disparity between London and the provinces may in reality be smaller than is sometimes thought.

Moving out of London may have some disadvantages but most of these can be overcome by keeping key personnel in the City and moving the back-up staff out into the provinces. In this way the cost of the higher London rates may be amply rewarded by the returns the key members of a firm can make.

But when firms do finally decide to relocate they often remain within the GLC area. London businessmen tend to show a preference for staying as near as they can to the capital even when they have to relocate for one reason or another.

One of the classic examples is Croydon. A lot of companies moved out of London to that area partly because of its good rail links with the City, but also because the authorities had the foresight to encourage office development in the 60s. However, those keen enough to get outside London altogether have tended to head south and west. Basically, developments have tended to follow along lines of communications—rail or road—or for some companies the need to be near an airport.

With the multinationals, most are keen to stay within the centre of London, but a few have been tempted to move out. For example Mr. Brian Cox of Dron and Wright pointed to the case of Kelloggs which has relocated outside London. Also London has become the centre outside the U.S. for the petro*chemical* companies and this has attracted and kept multinationals in the City.

Encouraging more foreign companies into London will obviously help the problem of avoiding a drift out of the City. Nevertheless if the Government gets its way it will stop the drift out of London and actually build up the number of jobs.

Pressure groups are trying to push the authorities along. A recent association of London Members of Parliament has got together to discuss ways of stopping employers leaving London. They do have cause for concern for unemployment in areas such as Poplar and Stepney in East London is over 10 per cent. Most interest so far has been in encouraging manufacturing industry but it is time that more attention was paid to office development. The change of direction at the LOB and the Inner Urban Areas Act shows that thinking is gradually coming to terms with London's needs.

Terry Garrett

Rents rising sharply

BEGINNING NEXT year office managers with the job of looking for premises for their companies in the City of London will need all their sangfroid in order to avoid being reduced to panic at a spate of news items of enormous rent increases.

About that time the much heralded "bunching" of rent reviews is due to occur. The reason, also widely known, relates to the changing pattern of letting arrangements over the past 20 years. In the early 1960s offices were usually let with rent reviews every 21 years. By the mid 1960s, the reviews were coming every 14 years; by the turn of the decade every 7 years; and by the mid 1970s every five years.

The result is that about 1980 a large number of properties, from good modern blocks to those now well past their prime, will be coming up for review about the same time. And letting agents and the Press will be more than willing to announce each "milestone" as it is reached.

One perfect example of the sort of escalation likely is the office block on Cannon Street at present occupied by Spillers. The food group took the lease of the building from Bernard Sunley Investment Trust in 1960. The lease was for 42 years with one review in 1981. The rent is £1 a square foot. It is now more than likely that Spillers will vacate the block and if it did so, could probably sublet the 90,000 square feet of space for £11 or so a foot.

That is the sort of escalation in rents which is likely to become headline news, scaring office managers into believing that it will not be possible to find space in the City at less than astronomical rents.

In fact, of course, the majority of the rises in rents will be—like the Spillers case—from such a low base as to be virtually irrelevant as a guide to rental levels.

Movements

The problem for prospective tenants over the next couple of years will be to distinguish between such rental movements which amount to bringing historical levels up to current ones, and genuine increase in the basis for rack rents.

Here again, there have always been problems for tenants. The publicity which surrounds the achievement of record rental levels is so all-persuasive that tenants can be excused for believing that all City accommodation commands such rents.

The latest figures for "prime" offices, for instance, are between £17 to £20 per square foot, and a number of recent press articles have suggested that rents could be back to their historic 1973 peaks by the New Year.

That year was the time when peak rents soared month by month to £24 a foot. It is true that such levels are now within reach again but this time round the movement in top class lettings is less likely to drag up the average base rent for offices throughout the City, a phenomenon which was the hallmark of the euphoria of the 1973 boom.

Since that time developers, agents and tenants alike have come to accept a two-tier market in City office space, with the narrow supply of brand new buildings with first class facilities in the best locations forming a separate market from the remainder of City space.

For that top tier, rents are likely to keep on moving up, particularly given the fact that *inflation has meant that rents* fetched today in real terms are significantly below those of 1973, and supply is scarce indeed.

The parameters of the class of property concerned, however, are very narrow. There are many blocks with air conditioning and a full range of modern facilities which lie outside the banking and insurance "villages" by only a few yards which do not command such premiums. For those premises, the bulk of the City's modern space, rents are around the £14 mark per square foot.

Below that level again are the blocks which lack air conditioning, perhaps, or may have been refurbished. Even though the refurbishment may have been carried out to a high standard, these premises today would be expected to let for between £10 and £12.

Even these offices, however, are in a minority. Good modern accommodation in general still fetches below £10 a foot even in favoured locations. Over the past couple of months, for instance, the Dow Banking Group has taken over the former Reserve Bank of Australia building in Old Jewry, EC2, for about £10 for 6,000 square feet. Equity Capital for Industry has taken a 935 square foot suite in Gresham Street, again in EC2, for around £9, and the Worshipful Company of Salters has let Watling House in Cannon Street, a 58,000 square foot unit, for under £9.

Fringe areas, around Fleet Street, Aldgate and Holborn, fetch correspondingly less. Good modern space just off Fleet Street has changed hands recently at under £6 a square foot as has accommodation in the EC4 area even where there has been full-scale refurbishment.

These are, of course, the less publicised deals, which is why tenants can be readily misled into believing that even average premises cost well over £10. This is simply not true. At least one City agent has admitted recently that the bulk of the lettings done through its City branch since the spring have been at under £10, many of them well under that figure.

Moreover, so far as can be seen, the supply of premises is adequate to meet demand for the foreseeable future.

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Architectural achievements

THE architectural quality of the City of London, as rebuilt over the past 20 years, has probably attracted more heated criticism than that of any other major city in Britain. These criticisms may well be justified but they are certainly exaggerated as a swift train ride to the Bull Ring in Birmingham or to the centre of Manchester will swiftly confirm. The City's architectural achievements may be limited *but they compare favourably* with some of the atrocities committed in Britain's provincial *cities.*

However, there is no denying the doubts with which Londoners view their new City. Part of the problem is historical. The previous rebuilding of the City by Wren in the aftermath of the Great Fire is part of the *folklore of Londoners.*

With the Blitz playing the role of a latter-day Great Fire, it has been inevitable that the developments of the City over the past two decades — the Barbican, London Wall, St. Paul's precinct and countless office blocks—should have been judged against the historical background and found wanting.

Historical

A historical background is not necessarily the best or even the most sensible way to judge architecture. The City fathers, in particular, would strongly rebuff *suggestions that it is in* any way a museum, or that its buildings should be seen as replicas of an earlier age.

The best yardsticks for measuring London's architectural worth are probably those set by the other major capital *cities of Europe, especially those* of West Germany or Eastern Europe, which had to be extensively rebuilt after wartime damage. Rated thus the City can probably pass muster.

Major difficulties are imposed on City architects by the pressures imposed on aesthetic values by the harsher political, social and economic values of a major business conurbation. These pressures begin with the underground structures which, in the case of London, are particularly troublesome in view *of the age of the City and its* narrow environs.

The ground beneath the City is a network of underground railways, sewers, telephone cables, and telephone ducts and the first task of the architect is to find a suitable spot to sink foundations. Add to these brutally modern factors the more sensitive archaeological elements with which London is so richly endowed, and it is clear that the architect in the *City has to be a solver of jig-saw* puzzles as well as an artist.

Nor has the architect solved his problems when he has found a way to sink the first foundation shafts. For building in London, as in the rest of Britain, is controlled rigorously *by a cluster of health, environ*mental, and safety precautions which restrict the architect's *room for artistic manoeuvre.*

It is against this background that it sometimes seems that architecture in the city has lost its way. The city would claim, with *some justification,* that it is very difficult, amid this maze of practical and legal restrictions, to oppose any major building plan on aesthetic terms alone. In theory, if the city authorities reject a plan for rebuilding—a step rarely taken, although it is *quite* usual *for* plans to be modified—then the would-be builder has the right *of appeal to the relevant* Government body.

It seems to be taken for granted that the Government body would tend to support the builder, being *more anxious to* rebuild the city than the city itself, which should be trying to maintain standards.

Architects generally are wide *open to the criticism that they* have come to concern themselves too much with the purely planning criteria of new building—correct access points, traffic considerations and so on —and not enough with the aesthetics which should be their proper business.

In the City this has meant that the aesthetic qualities of *the new buildings are left to the* architects employed by the client who wants the building *done—there are no general* guidelines on aesthetics laid down by the City which would *claim, perhaps rightly, that such* matters are purely subjective. In practice this has led to a *small* number of originally designed and inspiring buildings — the Credit Lyonnais building in Queen Victoria Street is an outstanding one—and a host of rather boring and unimpressive buildings.

There is surely a case for the City insisting that new buildings must reach an acceptable level of artistic quality—and then leaving themselves free to reject those plans which appear unattractive.

Much *has* been written and said regarding the height of new buildings in Britain's cities. *The term tower block seems to* have moved from the list of *neutral adjectives to the* nation's Hall of Infamy without much delay. The City has not been free of buildings which attract criticism on such grounds. But within the area of St. Paul's, heights of buildings are firmly controlled by a *mathematical* "grid" based on *the principal of maintaining the* visibility of the dome of the Cathedral.

Escaped

Only one building seems to have escaped this policy. That *is Sudbury House in* Paternoster, where the regulations were eased not by the City authorities but by the Government Minister of the day.

Outside the St. Paul's area it is hard to say whether sheer height of new buildings is the *problem. The new Stock* Exchange Tower or the National Westminster building nearing *completion* in Angel Court are certainly tall buildings by any standard. But in an area where few people live, and there are few children to cater for, it is *hard to see reason for* complaint.

The distaste shown by many City *workers for the more* recently built areas of the City rests upon something else, *albeit equally important* as the general dislike for tower blocks. The rebuilding around the *Stock Exchange in particular* has dealt a further and possibly final blow to the Old City—old in this case meaning pre-Blitz.

The pre-Blitz City, which still exists around the Carter Lane area and lingered until recently over a much wider area, was *ideally suited for the purpose of* earning a living. It was honeycombed with narrow passages *which provided not just means* of communication but also basements and corners for the host of cheap cafes and pubs in which the City office worker found his lunch and his friends.

It was this "human dimension" that made the City such *a well-loved place and gave a* sense of identity to its workers. And it is this dimension that is *in danger of being lost when a* number of small buildings are replaced by one large one. Scale, one of architecture's chief components, is being lost in London, and the effect of this can be heard in the grumblings on any commuter train.

There are still several major sites in the City due for reconstruction in the not very distant future, and each will offer opportunities for bringing glory *or disrepute on the profession* of architect. The proposal to rebuild the Lloyd's Insurance building, at present *only* at the "feasibility" stage, poses the problem of replacing a 1920s building with something more suited to the modern pace of the industry.

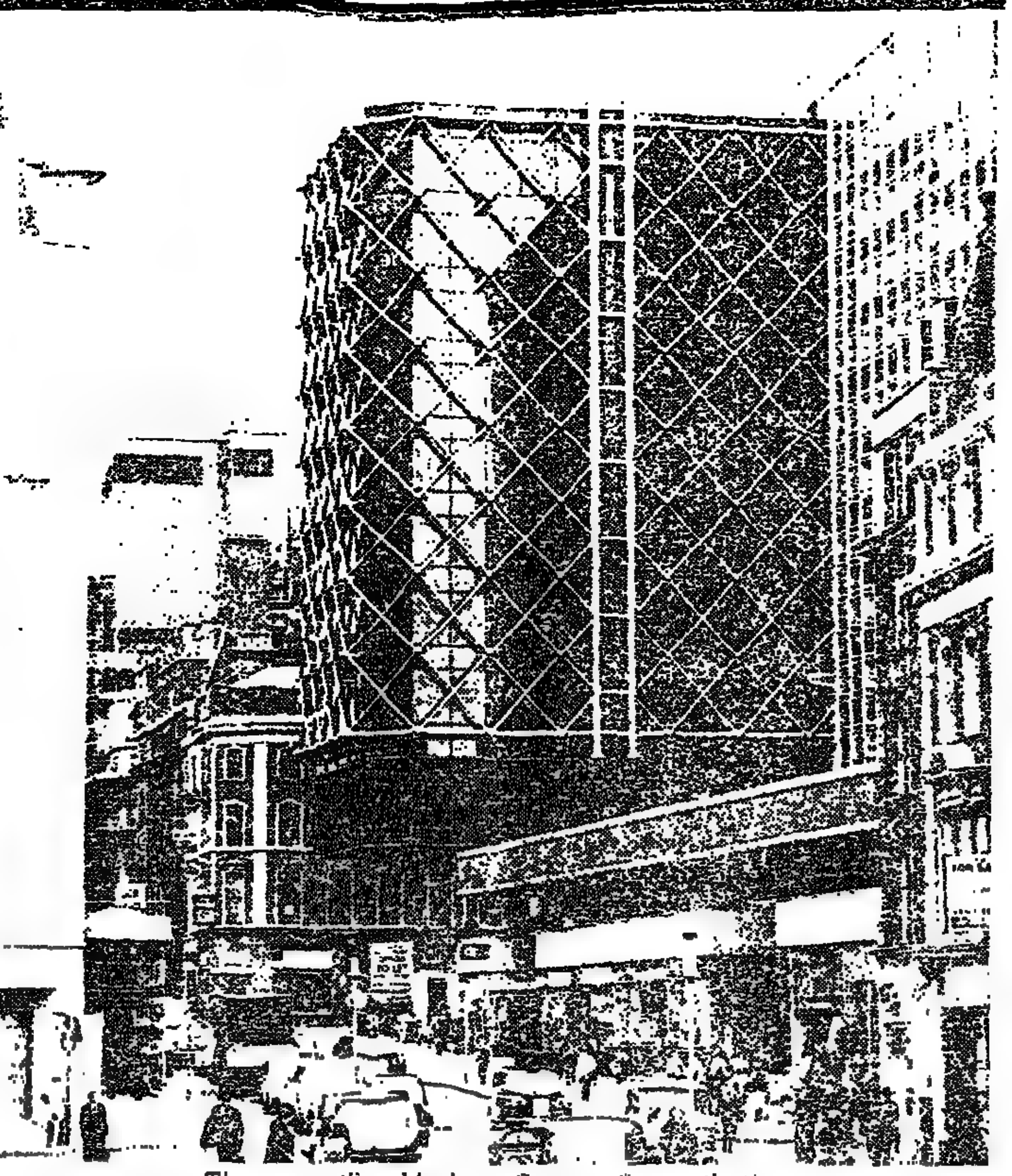
Perhaps more exacting will be the plan by the GPO to extend the old St Martins-Le-Grand Post Office. This plan has been *around for some years but it* now seems that the GPO wants to start work soon. The old building, while not exactly an architectural gem, certainly has a place in City history and cannot be lightly set on one side.

But the plan nearest to taking *effect is the rebuilding of Cutler* Gardens, a more typically City office site and one of the largest *remaining.* The plan *involves* a good deal of refurbishment as well as new building and should *provide a healthy example of* the modern style.

The longer running saga of Liverpool Street Station comes more properly under the aegis of the Greater London Council, which has planning authority over main line stations. At present the plan, which was displayed for public viewing last year, awaits a decision by the Secretary of State for the Environment.

It is only too easy to be *sentimental about the City, and to forget that* Dickens' clerks lived their lives amid appalling squalor at *work* as well as at home. The City has always been an uneasy hotchpotch of commercialism and unconscious beauty. Perhaps if the new City can manage that, then it is as much as can be expected.

Terry Byland



The new office block at Cannon Street Station

Rents

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There is no reason to change the view, *first expressed in the* summer that, with the exception of large (over 50,000 sq ft), *prime units, supply and demand* is pretty much in balance and likely to remain so.

One *has* only to look at the movement in supply over the past 18 months to realise that a balance has been found. Since that time the amount of vacant *office space on the market has* been halved. Yet there has been no boom in rents.

Instead, there has been a steady resumption of gradual improvement which reinforces the widely held view among agents that rents are on a *gentle upward slope as a result* of mild inflationary pressure. There is no boom in sight for the next 18 months.

What happens after that is another *matter: present supply* could then be under pressure but it is more likely that new development will have picked up. This in turn will ease any shortage of average space as top companies "trade up" releasing less prestigious property on to the general market.

One factor may, however, *counteract this movement in* the medium term. A large amount of space which may be released in this way, could well require substantial redecoration and refitting. This particularly applies to early 1960s properties now coming up for their 21 year review periods.

This trend, a corollary of the review "bunching" we have already mentioned, could create a squeeze on accommodation for *a period. Whether it will have* a significant effect on supply levels is still unknown.

In the meantime, tenants should not rush into hasty agreements in fear of a looming boom in rents. Nor should they rely on news on large increases *in prime rents as an indicator* of trends for average accommodation.

Balance

This is not to say that the City is a tenants' market at present. The balance that has been achieved between supply and demand in general will, and *is, having an upward effect on* rents. Over the past year, for instance, good modern space has probably risen *by 10 per cent* or so, thereby continuing to fuel *demand from* institutional purchasers even as yields have dropped below the 5 per cent level.

An annual increase of around *10 per cent* is sufficient to justify such yields, just as it underlines the stock market *attractions of property com*panies with major City portfolios.

From today's vantage point it now looks as if City rents can be expected to climb at about that rate for the next couple of years, with the exception of *properties coming up for re*views and the scarce class of "Triple A" prime blocks which *look set to pass any previous* peak.

Christine Moir

A major investment centre

DIRECT PROPERTY holdings are natural investments for financial institutions such as life assurance and pension funds. And the City of London is the natural home for a significant proportion of those property holdings, by tradition if for no other reason.

Most of the insurance companies were established within the City boundaries and holding the freehold of the head office was regarded as good business prudence long before it was realised that it made good investment sense for life and pension funds.

Once these funds started to expand their investment activities beyond the gilt sector, it was natural to invest in properties adjacent to their head offices.

But there were other equally sound investment reasons for holding in the property portfolio a significant proportion of properties within the City. It is acknowledged as one of the world's financial centres—certainly it plays a dominant role in banking and insurance. The demand for office space to service these industries was strong and rental income growth seemed assured.

The dominant reason for life and pension funds investing in property is that it provides a good yield at outset with good prospects of steady growth in the rental income to cover liabilities which are affected in varying degrees by inflation. Security of rents from the City properties looked first class and growth prospects were excellent.

The institutions invested heavily in the City and even now, when much more emphasis is placed on a balanced portfolio with a wide spread geographically, the City of London accounts for about 10 per cent of holdings, on average.

But then in 1974 came the collapse of the property boom which had resulted from so many people trying to expand their property holdings and thus forcing down yields to ridiculously low levels. The City of London has been very much involved in this boom, although not so involved as some other major cities such as Birmingham. And the City was very much affected by the collapse.

Rents fell by more than a third and there were a lot of emotive statements made about the gross over-supply of space in the City. Emphasis was made of the 3m sq ft of unoccupied space that remained. Only after emotions had subsided was it realised that this figure represented about 5 per cent of total space—and that 3 per cent unoccupied was the norm.

A cool look at the situation showed that because of the economic recession, the demand for office space had fallen to nil, so the problem was not oversupply, but lack of demand. Once economic conditions improved the demand improved again.

The life and pension funds were able to survive this collapse and take advantage of the subsequent recovery because of their investment situation.

Unlike property companies, they are not dependent in the short-term on rental incomes to meet bank and other borrowings. They always have strong positive cash flow situations and a temporary drop in rental incomes is not disastrous. Even a more permanent drop would not bring about the immediate collapse of the funds as it did certain property companies.

Institutions such as life and pension funds, have to take the long-term view of an investment situation. And the long term prospects for property in 1974 still looked good, at least as far as the City was concerned. As long as London remains a world financial centre, there will be a steady demand for office accommodation in the City.

The property investment managers, at least of the traditional life and pension funds, kept out of the market ahead of the collapse and happily came back in after obtaining some bargains in the process. Certain funds were able to find properties in the City at yields that were amazingly high—the pendulum had swung too far the other way.

Now the property market in the City, as elsewhere, has stabilised itself with rents progressing upwards in an orderly fashion and despite the growing volume of institution funds being invested in property the market has not got overheated. Yields of 5 per cent for prime properties are the norm and investment managers are satisfied with the return this offers.

Looking back on past investments in the City, the return shown on the holdings by institutions is considered very satisfactory and has fulfilled the original expectations at the time of investment.

How do institutions regard the future prospects of property investment in the City? The general answer is "very favourable."

There is now a healthy demand for office space fuelled from two sources. The continuing demand by employees for better working conditions will lead to more space having to be provided for existing staff working in the City. But there is a continuing demand from financial organisations, especially overseas banking and insurance companies, either to establish a presence in the City or to expand their existing facilities.

However, there is a danger of today's supply situation not meeting this demand. There are few development schemes "on stream" at the moment and since it takes several years to build an office block, the situation could become very difficult unless further developments are started.

The feeling among some property investment managers is that the City has to decide on whether it wants to remain an historic showpiece or continue as the financial centre of Britain, Europe and the world.

The bulk of the money for the investment necessary if the latter decision is taken is going to come from the financial institutions and they would like those in control of the City planning to make up their minds, one way or another.

Development through the refurbishing of existing buildings will always be one source of expansion, but with constraints on size such methods will only partially meet the demand problem.

Incidentally, the major life companies in the City have been active in relocating many of their head office staff out of London, redeveloping the head office building and then renting much of it to other organisations.

But if the slowdown continues on new development, any institution with a strong portfolio of property in a good location in the City is sitting on a very profitable investment—to the benefit of policyholders and pensioners.

Eric Short

ESTIMATED COMPLETION OF NEW CITY FLOORSPACE 1976/81

(Sq. ft.)

	1976	1977	1978	1979	1980	1981
Owner-occupier	216,000	121,000	807,000*	176,000	196,000	Nil
Speculative	984,000	929,000	811,000	670,000	724,000	708,000
Total	1,200,000	1,050,000	1,618,000	846,000	920,000	708,000

* Includes Natwest Tower.
Source: Richard Ellis.

THE LARGEST CITY OFFICE DEVELOPMENTS AS AT 1/11/78

Location	Developer	Approximate Gross Office Area (sq. ft.)	Occupier	Completion Date
Angel Court	Clothworkers/ESN	360,000	Morgan Guaranty	1979
Bishopsgate, Natwest Tower	Netwest Bank	350,000 (net)	Natwest	1979
Whitbread Brewery, Chiswell St. EC1	Whitbread/ Trafalgar Greycoat Estatest	450,000	An American Bank/ spec	From Nov. 1980
Cutler Street Warehouses, E1	Standard Life	450,000	Baltic Exchange	
Minories, Mansell St. Goodman's Yard, Aldgate, E1	Wingate/Wimpey	250,000	OCL and spec	1981-82
Little Britain/ Aldergate St. EC1	Wingate/Wimpey	300,000	spec	not started
New Fresh Wharf, Lower Thames St., EC0	Leysen and Co.	350,000 250,000	Leysen	permission obtained
1-17 Old Broad St., EC2	Netwest	180,000	Netwest	start soon
28-33, Bishopsgate, EC2	Standard and Chartered Bank	160,000	S & C	Permission granted
Gamages, Holborn, EC1	Town and City/Pru	161,000	spec	early 1979
Wine Office Court, EC4	Trafalgar	145,000	Touche Bros.	1981
B Bishopsgate EC2	Barings/ESN	160,000	Barings & spec	1980
38-40 Lombard St.	Barclays Bank	112,000	Barclays	1980-81
108a Cannon St., EC4	MEPC	100,000	spec	1980-81
11-25 Charterhouse St., EC1	De Beers	100,000	De Beers	1979-80
24-28 Lombard St.	Royal Bank of Scotland	100,000 120,000	RBS	1981
1 Watergate EC4	Unilever		Unilever	
Monument St., Lower Thames St.	Hethersett Inv. City Corporation	90,000	spec Trade Bank	site cleared 1981-83
39-53 Cannon St., Bow Lane	ESN	over 50,000	spec	site cleared
Moorgate Stn. Buildings, EC2	United Real	90,000	spec	1981
Wingate Centre, Aldgate, Phase 2	Wingate/Wimpey	110,000	spec	1979-80
Fenchurch St. Station EC3	British Rail/ Norwich Union		Norwich Union	Plans Approved

Difficulties for retail traders

SHOPPING IS not the first thing that comes to mind when City property is discussed. Moreover, even when shopping is the topic, definitions are hard to arrive at. Even the City Corporation's background study on shopping for its proposed Development Plan, says only that the retail pattern in the City falls somewhere between a suburban centre and a central shopping area.

Like a suburban centre the greatest proportion of shops are for convenience. The department stores and multiple chains which characterise "comparison" centres, are almost entirely missing.

But unlike suburban centres there is also a flourishing trade in rarified specialist goods—stamps, sporting equipment, silver—so long as the goods, however expensive, are light enough to carry away.

Another distinction between suburban centres and the City is the high proportion of shops devoted to catering—sandwich bars, cafés and "watering holes" account for 60 per cent of retail units.

Again, unlike either central areas or suburban centres, the City comprises some 15 different shopping centres, all with a catchment having only a five minute radius on foot, so all fairly independent of one another.

The main areas recognised by the Corporation and retailers alike, lie roughly in an East-West line. They comprise Cheapside (the most prime location), Leadenhall Street, Moorgate and London Wall, and Bishopsgate and Liverpool Street.

Next in importance are Fleet Street, Ludgate Hill Paternoster Square (the development north west of St. Pauls) and Cannon Street (though this may be declining in importance to only a local centre).

In all there are 15 such centres servicing an almost exclusively pedestrian traffic.

As if to underline the unique position of the City as a retailing magnet, there is also the unusual pattern of trading. City retailers can claim with complete justification that they only trade for a maximum of 15 hours a week and some say that it is as low as 10 hours, namely the lunch periods between 12 and 2 on week days.

Such then are the inherent characteristics of City retailing. There are also two major accidental factors which have played a significant role in shaping what exists today.

It is too frequently overlooked that by the end of World War Two 31 per cent of the City's floorspace was destroyed. Retail areas which virtually disappeared included Paternoster, Lower Ludgate Hill, Holborn Viaduct, Fenchurch Street Station area, Aldgate High Street, Aldersgate and virtually the whole of Cheapside.

The bomb sites left behind were soon seen to have enormous redevelopment potential but—and this was the second factor—as offices rather than shops. The result is apparent in the statistics: in 1939 there was ½m sq. ft of shopping in the Square Mile; by 1966 this had dwindled to 350,000 sq. ft; by 1973 a further 50,000 sq ft had disappeared. Today, the figure is likely to be around ¼m sq. ft.

The Corporation, adopted an interim policy on shopping, in 1970, designed to arrest any further decline by reinforcing the preservation of shops in new developments.

The Corporation believes that this policy, while only a "stop gap," has done the trick. The City of London Retail Traders Association disagrees. Members say that not only do they lose actual space on virtually each development but there are more insidious ways in which viable shopping space slips away.

In the first place, the new developments are costly. The developers, who can get £15 to £20 a foot for office space, are obviously reluctant to let prime ground floor frontage for very much less.

Retailers say that they cannot afford much more than £5 to £6 per sq ft, but that there are plenty of quasi-retail concerns such as building societies, banks, employment bureaux and restaurants which can and do offer as much as £11 to £12.

Then there is the problem found in every redevelopment area that even where replacement shopping is provided it frequently must be in a new position.

The Corporation thought that it had partially solved the problem with its "high walls," particularly in the London Wall area. The idea is for shopping and pedestrian flow to be at first floor level above a podium and separated from vehicular traffic.

The City thinks the high walks will be a success when all the pedestrian links are completed. In the meantime they are classifying the units as usable retail supply.

Unhappy

The retailers association is adamant that the space is not viable and should therefore be excluded from any space total. Mr. Merrick Williams, chairman of the association, says that "the high walks are never likely to succeed. We won't see the pedestrian links completed in my lifetime."

The retailers think they have lost good ground level shopping space in return for uneconomical high walks which are used to swell the apparent supply.

They are also unhappy about the relationship with commercial developers and their agents. Developers, they believe, are blind to the necessity for shopping in the City. They want developers to recognise shopping as an essential amenity which must be subsidised from office rents.

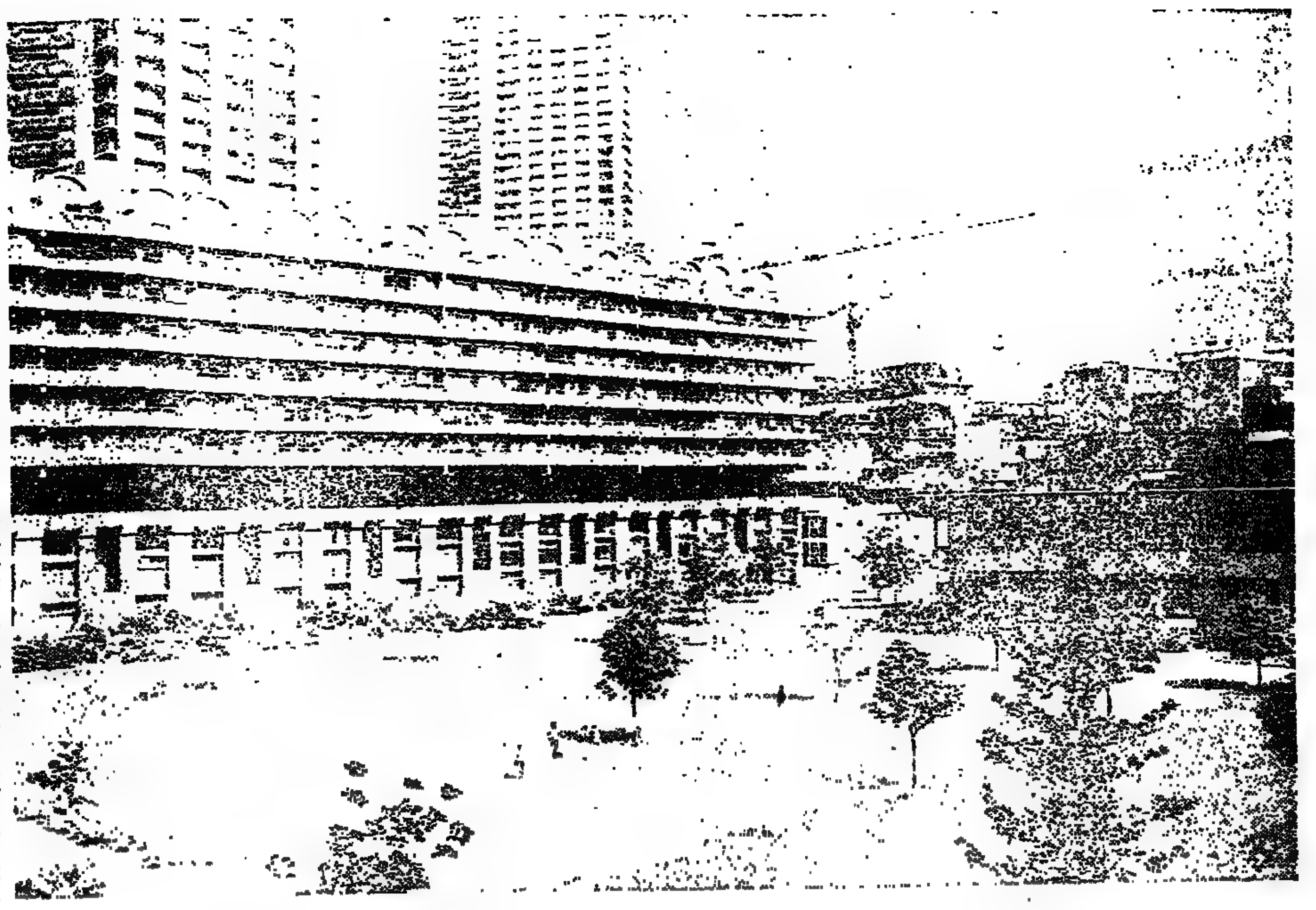
It is true that office centres without lively shopping facilities fail to attract or keep office staff, but one can sympathise with a developer when he chooses to turn his expensive ground floor into a banking hall for which he might get £15 a foot rather than a parade of shops which might fetch £8 at best.

For all the problems, however, City retailers seem to prosper with the exception of department stores and chain stores which require a volume of turnover which simply does not exist in the City.

In one way at least they enjoy the best of both worlds. For all the pressure on rents from quasi-retail users it appears that they can get premises for rents which leave room for profits even with only a 15-hour trading week. But when it comes to valuations the premises can frequently be upvalued by reference to the open market.

Christine Moir

The planning jungle



A view of the Barbican development

AFTER 30 years of large-scale planning and redevelopment by the Corporation of London, the City is now at the stage where future development is likely to be piecemeal, with more emphasis being placed on conservation—albeit reluctantly, in many cases.

Nowhere is the change of emphasis more dramatic than in the much-vaunted system of *pedestrian walkways. In 1965*, the City architect and planning officer, Edwin Chandler, produced a series of drawings showing a network of high-level pedestrian walkways (or "pedways") covering the City. Today, that plan is in tatters.

The inspiration for these pedways had come from the City's own redevelopment of the Barbican, where complete separation of pedestrians and vehicles had been a feature of the planning from the outset in 1955.

Now that the Barbican development is almost complete, the area is still the only one in the City where complete segregation has been achieved on a large scale. Elsewhere, only the Paternoster redevelopment to the north of St. Paul's Cathedral, and the Bowring redevelopment at Tower Place, have achieved pedestrian precincts of any size.

Yet it is in the Barbican walkway system that one can find the seeds of the idea's own destruction. At the time, the principle seemed sound enough: keep the vehicular traffic at ground level, where it causes the least disturbance to residents, and provide the pedestrian circulation about 20 feet off the ground.

But time has shown that pedestrians do not care much for having to climb 20 feet in order to cross a road, or to do their shopping. They prefer to keep their feet on the ground.

Alternatives

Things might have been different if the high-level walkways had been served by escalators, as they are in many European countries, or if the pedestrians and putative shoppers had been given some protection from the elements, as they are in most conventional shopping streets.

On reflection, perhaps it would have been better if the pedestrians had been left at ground level and the vehicles had been moved above or below ground. High-level motorways would have outraged the conservationists far more than the pedways ever did but they might have proved to be a better environmental solution. The alternative of burying the roads is only now being achieved for the first time in the North Bank redevelopment between Queen Victoria Street and Upper Thames Street.

The first note of organised opposition to the pedway system came in 1974—appropriately enough from the Barbican Association Conservation Group, which produced a report criticising large-scale redevelopment schemes and high-level walkways and praising the intimacy and human scale of the City's traditional passageways and narrow streets.

Two years ago—in a major conservation study more detailed than anything yet produced by the Corporation of London itself—four conservation groups (the Society for the Protection of Ancient Buildings, the Georgian Group, the Victorian Society and the Civic Trust) attacked the concept of high-level walkways and recommended that there should be no further extensions of the system.

That report, "Save the City." pointed out that the City has a traditional network of lanes and alleys which are ideal for pedestrians. Indeed, the City depends on easy and *rapid* pedestrian movement between its buildings more so than any other town or city.

"This is so well-known and so widely appreciated that it seems amazing that the City's policy of walkways, largely at first-floor level, should ever have found favour at all," said the report. "No policy decision by the City Corporation is of greater urgency than one to abandon any further instalments of the first-floor walkway system."

Action

For once, the Corporation listened and acted swiftly, though probably because of its own reservations in the light of experience of the Barbican redevelopment. In December 1976 the Planning and Communications Committee received a report recommending a minimum network of pedestrian walkways, which might be achieved by the provision of certain bridges and access facilities.

In a background paper to the City of London Development Plan, which was the subject of a number of poorly attended public meetings this summer, the City planners claim, somewhat feebly, that "in defence of the upper-level walkway system, it can be said that it is generally safe, convenient and not without interest."

Yet they admit the system has faults—"Better protection from the elements would be desirable, as would a reduction in the effects of turbulence beneath high buildings. Shops at upper level have not been successful in some areas and could have been better planned."

But it was not their fault so much as changing financial circumstances that led to the drastic modification of the high-level walkway system. As the City planners say: "By the end of the 1960s the pendulum of public opinion had begun to swing away from comprehensive redevelopment towards conservation.

"Many more buildings received statutory protection and amenity societies became increasingly vocal. More recently, the cuts in public and private expenditure have had dramatic effect on the pace of redevelopment."

Now even the completion of the minimum network of pedestrian walkways, let alone any extension of it, is entirely dependent upon the availability of finance from both the public and private sector.

It is still the Corporation's policy to maintain and improve existing walkways, whether at ground level or above or below it.

Official planning policy is now that "adequate and convenient crossing-places will be provided which do not entail considerable diversion, *whether horizontally or vertically*, from the route which a pedestrian would take if there were no traffic streams to be crossed."

This does not mean that high-level walkways are ruled out completely, but the City planners are now asking themselves whether the extra expenditure on their construction and maintenance would be justified, or whether the limited financial resources should be concentrated on improving facilities for pedestrians to cross at street level.

If able-bodied pedestrians are reluctant to climb up to the pedways in the sky, what of *the disabled? For the first* time this year, the planners have taken to asking the obvious question: "Should access to the upper-level walkways be made easier for disabled people? If so, how?" Yet they have provided their own answer in the background paper to the City of London Development Plan: "Ramps should provide easy slopes, and escalators should be used at busy places."

So what are the current proposals for extending the present walkway system to achieve the desired minimum network?

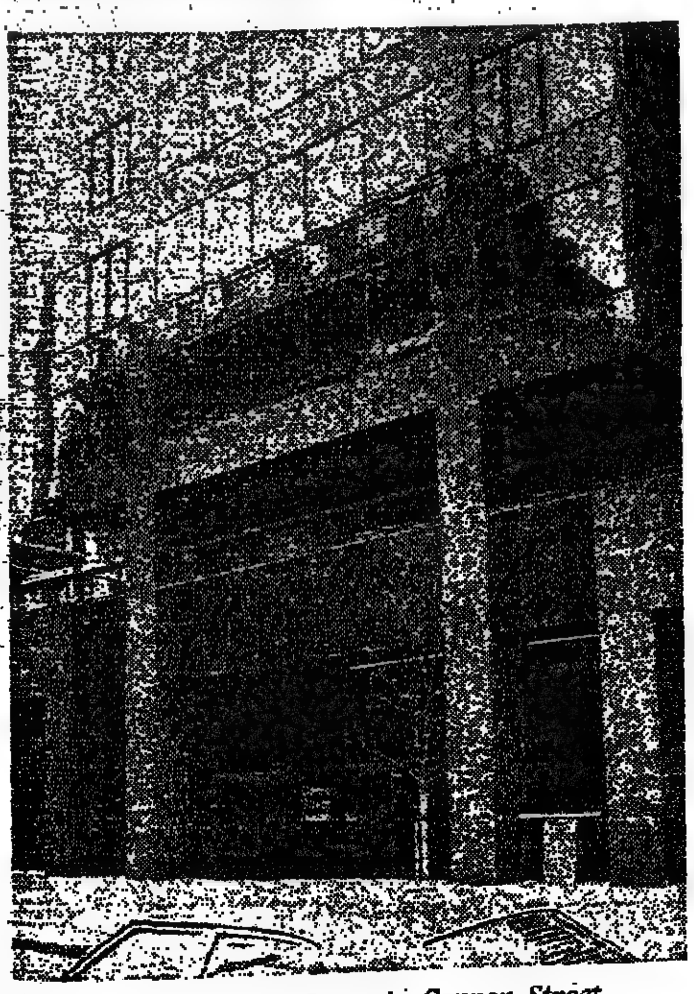
With the completion of the North Bank scheme and its westward extension by the redevelopment of the Mermaid Theatre, it is proposed to bridge Queen Victoria Street and Upper Thames Street to create a continuous pedestrian link between St. Paul's Churchyard and the Thames, perhaps with a new jetty into the river.

To the north of St. Paul's, the redevelopment of the Post Office site in St. Martin's-le-Grand will provide an opportunity to bridge Newgate Street and King Edward Street.

Further east in the City, there are plans to bridge Moorgate, Throgmorton Street, Leadenhall Street and Bishopsgate.

The redevelopment of Liverpool Street Station will provide an opportunity to bridge Liverpool Street and Old Broad Street, while the proposed redevelopment of Billingsgate will enable Lower Thames Street to be bridged and a pedestrian walkway to be opened up along the river—but not at high level. When pedestrians vote with their feet, they like them to be firmly on the ground.

Michael Hanson



Cannon Street House in Cannon Street

Security systems a major priority

IN AN age of terrorism and sophisticated thieving it is hardly surprising that the cost of security systems for City office blocks is becoming a significant element of the total construction and fitting out cost.

The City, with its many millions of pounds worth of cash and documents in transit, and the large number of foreign and British banks is a prime target.

A recent survey by Richard Ellis, the estate agents, on City floorspace shows that banks account for roughly one quarter of the available office space. British banks tend to take suites in the 10,000 sq ft to 30,000 sq ft range, while overseas banks go for smaller units. They are in a rather concentrated segment of the City, specifically the EC2 postal district.

This tightly knit little group is also the main target of the security system salesmen, because they have a need for the three types of systems that the security companies provide—detection systems, controlling/warning systems and controlled access systems. Outfitting a three floor bank suite with the most modern equipment available would have cost between £25,000 and £30,000 three to four years ago. Today the cost would be around £50,000.

Costs

Technology is making equipment smaller, but costs are rising because of general cost increases but also because more sophisticated equipment is needed to beat a better educated crook.

Certain security features are required by law to be fitted to all buildings built in the City which have a single floor area greater than 10,000 sq. ft., or a height greater than 100 ft, the main one being the inclusion of an adequate sprinkler system. With necessary plumbing, water storage capacity, detection and operating equipment this can add about 10 per cent to the construction cost of new buildings.

Purpose built buildings, such as the City's tallest block, the National Westminster Tower, will have other expensive security requirements built in. For a bank these include a secure loading bay where money can be safely transferred from vans to the bank and vice versa, where credentials of vans and drivers can be checked in a bay isolated from the main loading bay and where access from the bay to the roads is relatively easy.

The technology associated with transfers has been built up, partly by experience, partly with the assistance of police authorities and to some extent using consultants over many years as this has always been when cash, valuables or documents are most vulnerable. A large proportion of building costs and design costs goes into the security of transfer points and transit paths between the prepared secure areas.

But, for the security firms, there is not a great deal of money in this side of the business. Safes and strong rooms do cost money and technology or corporate growth can make replacement necessary, but most companies tend to overbuy in this particular segment, if only to fulfill conditions for a slightly lower insurance premium.

Much research has gone into thief-proofing of safes. Early in the 1950s anti-blowtorch alloys were being used for commercially - produced safes and by the end of the 1960s materials that were highly resistant to heat and drilling yet flexible enough to resist force were in use. Also, in more expensive models, anti-explosive resetting devices ensured that should the critical points in the locking mechanism be successfully attacked, the locks automatically relocked and the connection with the opening mechanism was broken.

But, such sophistication in safes and strongrooms is very expensive and often, the capital spent on the most technically advanced safe is not warranted by the value of the safe's contents.

This is where the electronic security systems come into their own. Most systems for the City's many banks are tailormade and information is, obviously enough, difficult to come by. But, in essence the systems involve a combination of intruder detection devices, heat and smoke detection equipment, control and warning systems.

The average banking office can be divided into three sections—a cash area where foreign, domestic and near cash or negotiable documents would be either kept or handled; a general office area and a computer/plant room.

The first sign of a security system is usually some form of restricted access procedure where any one or a combination of colour coded identification cards, sets of keys or magnetically coded entry cards are used.

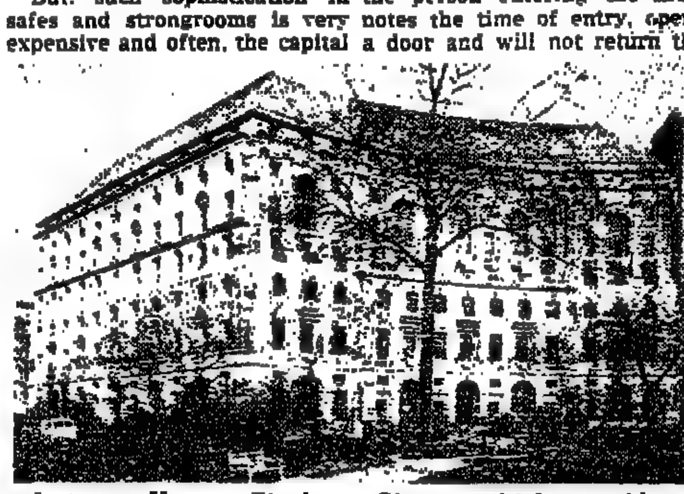
Again, depending on the value of either cash or information to be protected, the type of system steps up in price from the simple colour codes on name tags to systems which involve a card to be inserted in a reading device, which scans the card, records the identity of the person entering the area, notes the time of entry, opens a door and will not return the card until the person goes through the door and it shuts behind him.

Such a system is not limited to banks. It is increasingly being sold to commercial head offices where certain areas could contain information that is either stock market price sensitive or is extremely valuable to competitors.

Having the equipment is one thing, constantly monitoring it to ensure that it works and taking action either when it stops or when an alarm is sounded is something again. As with the equipment the range of monitoring and response actions varies according to need and cost.

Among the simplest is a system which rings the police emergency number, 999, and delivers a recorded message that something is amiss at a particular location. Other equipment sends electronic impulses which do a similar thing but just a little quicker.

The latest development is centrally manned underground stations owned and operated by the various companies selling the detection equipment. These can use the electronic impulse device on normal telephone lines or they can involve a pair of lines running from the equipment to the central console.



Lutyens House, Finsbury Circus, which provides a total of 166,000 sq. ft. of office and banking accommodation

Computer

Central consoles these days are not the Allied War Room variety but rather simple TV screens (visual display units) with input keyboards linked to a computer about the size of the average office filing cabinet. Although not currently in use in the City, future models will flash red if smoke or fire is detected and blue if there is a break-in.

The computer receives the impulse that something is amiss, analyses the problem, then takes initial action. In the case of a fire this might mean activating sprinklers in the area affected, shutting doors and any other openings to isolate the fire and informing the person manning the console not only of the fire and its location but also of the action taken.

The attendant can then call up a detailed plan of the area, find the nearest fire hose coupling, determine the quickest path from the nearest point of entry to the area concerned. Armed with all this information the nearest fire brigades can be alerted.

It is all a bit science fiction but it does have a number of practical aspects. Having the ability to isolate the fire almost immediately minimises risk of it spreading. It also means that the most likely type of fire can be identified early. In the City it is unlikely to involve any chemicals but electrical fires can cause problems particularly if they threaten other equipment such as air-conditioning that is vital to the maintainance of a balanced temperature within a computing room.

The other main area which both the security industry and most companies shy away from discussing is protection against terrorist activities. To some extent all the systems already mentioned are involved but there are other things as well. This starts to get into sensitive areas of civil liberties because it may include compilation and maintenance of personal files and close surveillance on people going into and out of certain offices.

It may also mean baggage checks and in extreme cases body searches. The aim in the terrorist case is early detection and prevention. The problem is very much in detection. Again, if a client is prepared to pay the price sensor equipment can be used that picks up certain odours. But the main method is simply close analysis of people flows and traffic patterns. The key element is such a security system is usually a well trained human.

It is a growing field and a technology demanding field. As a result the costs are escalating. It is becoming a significant cost of a tenancy and a substantial cost to the builder of a special purpose building.

Terry Ogg

The importance of communications

"MR. HARDING is in Ipswich at the moment, if you would like to hold the line, I'll put you through," the honey voiced secretary intoned.

And, in the time it takes to switch a call from a secretary to a boss in the adjacent office the inquiry was re-routed to an office 70 miles away in Willis Faber's administrative centre.

No whirrs or clicks and no half-fearful preliminary comments about the possibility of being cut off. One moment the secretary and the next Mr. Harding. "It's just one of the wonders of the IBM 3750 exchange system," Mr. Harding said.

Cheaper office space and a more stable workforce might be the prime motivations behind a decision to relocate away from London or the West End, but the move can not be successful unless communications, both internal and external, are thoroughly examined and plans made well in advance not only for current needs but for expected growth.

Mr. Steve Harding, a key man in planning and implementing Willis Faber's administrative support group shift to Ipswich, said that one of the main side benefits of the move was the savings made as a result of the major audit of communications.

Connections

Communications within and without an organisation tend to happen by accident more than by design. Companies grow, move into new markets or spread geographically and they drag their connections with them. Time may occasionally be spent on systems thinking when key changes are made such as installing a computer or putting in expensive, sophisticated exchange equipment but rarely is the entire process actually analysed, restructured or replaced.

But relocation, or at least consideration of a major shift, is a good time for a complete audit. The economics of cheaper office space, more in tune with the demands of the company and a more productive, stable workforce could evaporate if the communications systems are not right.

As with most systems, the hardware is probably not as important as the way it will be utilised. The essence is function, or more simply, how can a communication problem be solved most efficiently. The emphasis, therefore, is on thorough planning and detailed consideration of communication needs, both present and immediately foreseeable, before a decision to shift is taken.

The problems for most offices can be divided into two categories. The first is physical delivery/despatch of goods and services and the second is wire-related communications (telephones, telexes, data transmission).

And the solution begins when the idea of moving is first thought of. Or it should. Willis Faber wanted an office which would spread horizontally rather than vertically and it wanted a site just out of the commuter belt.

It was only moving what might be called its administrative support group (numerically the largest section). The London insurance contact and marketing side had to stay in the City. If an executive had to travel from one office to the other and still do a day's work the time taken for the journey should not be much more than one and a half to two hours.

Eliminating air travel, that meant the new office had to be within the circumference of a circle about 70 miles radius from the city centre. The London office is within easy walking distance of Liverpool Street British Rail station. Ideally the site for the relocated office would be within walking distance of a station connecting with Liverpool Street.

Ipswich was one of the possible centres. The next problem was the site in the various centres. Not only did it need to be near to a railway station for intercity trains but it also needed to be close to local train and bus termini. Also, a site reasonably close to High Street shops or a shopping complex would mean that staff could conveniently shop in their lunch breaks.

After about six months of discussions on possible sites within the company and in consultation with the Location of Offices Bureau, Ipswich was selected and an area began to be assembled. At this stage the architects were briefed and, among other things, they did a great deal of research on the type of business Willis Faber was involved in, the types of documents and systems currently in use and the importance of various bits of paper.

Document handling is a vital part of Willis Faber's internal communications systems and provisions had to be made for speedy dispatch, reception, delivery, process and return.

Road transport is the main method of document communication. A van picks up in London in the evening, drives to the unloading bay at Ipswich, the documents are received, sorted and, in theory, arrive on the approapriate desk first thing each morning. The van drives to London each morning with completed proposals.

Urgent deliveries are possible through a courier system. A courier with a despatch case catches the train for London around noon, arrives at Liverpool Street, meets a courier from the London office at the barrier, hands over his case, gets one from London and catches the same train back.

Telex

Similarly, if an executive has to get to London in a hurry, or needs to get from London to Ipswich and back (depending on British Rail) he can go up and back within a day.

On the wire services side the two offices each have a linked IBM 3750 electronic exchange system which, beside the normal Post Office lines, has a wide-band circuit which give Willis Faber 60 blocked, exclusive lines between the two sites. Thus, when someone rings the London office, and the person required is away in Ipswich, the call can be routed through, much the same way as it would be if the person were in another office in the same building.

The telex system is based on an IBM ADX6000 with memory storage drums and linked stations in both centres. Thus any telex message that comes in overnight for the brokers in London generates a copy in Ipswich. If the broker has to contact Ipswich about the message, there is a copy already in the office.

Facsimile systems are in use but are not being used extensively. But it does mean that the exact details of bits of paper, documents or instructions can be received almost at the same time as they are dispatched from London.

Ipswich also houses the group's computer and it is possible that some of the wide-band lines could be used to carry data between London and Ipswich. At the moment there is not much call for such a facility as most of the retrieval needs are in Ipswich.

The Post Office is only too happy to co-operate with people who shift offices from London to the provinces but stresses that it would like to be brought in at the earliest possible date. In Willis Faber's case they were involved in the first feasibility study, more than two years before the move was made.

All relocations are different as each company has a variety of reasons for making the move and a number of problems to solve. On the communications front the equipment required is not all that different to what is needed in a normal office but time must be spent analysing existing facilities, paper flows, verbal information paths and need for access to various systems such as visual display terminals.

Most equipment is already available. It is simply a matter of establishing a need, working out requirements and plugging in the most efficient for the function. Architects, Post Office engineers, telecommunications salesmen, management consultants and accounting firms are all available for a fee. But the problem, like all communications probems, is relatively simple. It involves getting the right information to the right people in the quickest time.

Some companies have problems switching calls from secretaries to bosses. It is nice to dial a London number, be told that the person specified is in another office 70 miles away, and get straight through.

Terry Ogg

Business must learn to accept the tourist

TOURISTS have become one of the more alarming myths of the modern age. They are accused of forcing up the prices in restaurants, undermining the national culture, and overcrowding the buses. It is hardly surprising that the City of London has come in for its share of abuse as a tourist trap—hardly surprising but quite wrong.

In fact the City suffers very badly from the tourist trade and is in the forefront of those who wish that the overseas tourist would go out of London and view some of the delights to be found in Yorkshire, Wales or the Isle of Skye.

In cold economic terms, the City does badly out of tourism. Most tourists stay in the West End and spend their valuable marks and dollars in the area's fleshpots, eat in West End restaurants, and attend West End cinemas and theatres.

Landmarks

When the tourists venture into the City, they travel by coaches which jam the City streets, they visit a few well known City landmarks, spending a little on coffee and souvenirs, before rushing back to the West End.

Even worse, they are showing a growing reluctance to visit the City at all. The City's latest study of tourism showed that the number of visits made to the City's 21 major tourist attractions declined by 17.8 per cent between 1972 and 1974, and there is every indication that this trend is continuing.

It is not true, no matter what City workers may think, that St. Paul's is a major attraction for overseas tourists. According to the British Tourist Authority, St. Paul's comes ninth out of 10 such attractions. Only the Tower of London manages to scrape in higher than St. Paul's and save the City's honour. Neither the Tower nor St. Paul's can compete with the heady delights of shopping in Oxford Street or feeding the pigeons in Trafalgar Square.

The first point to be made is *that this state of affairs suits* the City quite well. The City makes attempts to attract the tourist and to make him feel welcome, but the fact remains that the City is populated by people who make money in other ways—banking to name but a few.

It would be as foolish to blame the City for not doing more to attract tourists as to blame the Saudi Arabians for not searching for coal in the desert.

Most tourists spend little time or money in the City. They come for a day's sightseeing and are usually content, though there is some evidence that tourists visiting for the second time may want to stay and see more.

The City can offer little hotel or hostel accommodation. The *Great Eastern Hotel*, in Liverpool Street may not be everyone's idea of holiday accommodation, but it does in fact represent the bulk of the City's offering. The alternative is the youth *hostels of Carter Lane or the* Barbican. It may be noted that these hostels, in particular that in Carter Lane, are very popular with the younger people. But neither can compete with the hotels of the West End.

In terms of restaurants and coffee houses, the City still caters largely for its daily workers and their employers. Thus, there are Japanese restaurants because many Japanese work in the City, but there are few Italian restaurants.

But there is no indication that more tourist restaurants in the City would induce more tourists to eat there rather than in the West End.

The one bone of contention between the City and the tourist *industry is that of coaches.* Most tourists visit the City by coach, and this suits the tourist agencies very well because they base much of their business on the coach as the all enveloping womb in which the overseas visitor is conveyed from his home to the airport, to the hotel and then to the various points of interest.

But coaches are, to the City, merely a traffic problem on the grand scale. Ideally, the City would like to ban coaches from its precincts and oblige the tourist to travel on a specially provided internal bus system. But it is generally recognised at Guildhall that this ideal is very unlikely to be fulfilled.

Suffers

The alternative is coach parks at the major tourist spots. Here the City suffers because every tourist wants to visit a very few tourist spots.

And since every tourist attraction in the City is already in a busy place, the opportunities for extending coach parks are limited.

At the moment, coach parking in the City is limited to St. Paul's, where there is room for 25-30 coaches at any one time, depending on the skill of those parking, and a park for 16 coaches at Tower Hill which is, strictly speaking, not in the City at all.

The Monument: one of the City's main buildings of historical interest

It is hard to see just how this situation can be remedied unless tourists can be persuaded to walk from their coaches to the point of attraction.

The City has done much to encourage what may be described as the "alternative" tourist activities. These evolve around the attractions of the City as a walking area, in which the enterprising tourist can seek out those attractions not suitable for him with the minimum of supervision.

The pick of these is included in the Heritage Walks leaflets published by the City Corporation.

It is in these slightly eccentric tourist activities that the future of City tourism may lie. For it is becoming clear that these tours attract the "second visit" tourist who is beginning to belie all the worst aspects of City tourism: he does not arrive by coach. He prefers to stay near the City if he can, and he will take time to seek out the lesser known features of the City. So, if a slightly faded Continental or Asian carrying a street map asks the ways to a minor Wren church, then nurture him gently. He may be helping to make tourism more bearable in the City.

Terry Byland

Surviving remnants of two big Fires

MENTION THE FIRE to most Londoners and they will know exactly what you mean—1666 and all that. And there was a famous cartoon during the 1940s Blitz of a Cockney saying to the fireman "You were late last time too, mate."

The devastation of these two events led on both occasions to great plans to develop the City along grid or other lines. But thanks to the speculative builders down the years the medieval street pattern is still largely with us, a fact that may not please the motorist but which means that the different styles and materials through the ages can still be seen. Let us take a random, but not definitive, walk around the City.

There is some argument about the Hoop and Grapes pub in Aldgate High Street on the eastern boundary—whether it is pre-Fire or after and whether or not it should be pulled down. There is a strong body of opinion that it should be restored. On the western edge is that heavily restored structure Staple Inn—just inside the boundaries and an example of half-timbered building dating from 1586.

Until the arrival of closed sewers the City—like everywhere else—was a very smelly place. It is still possible to see the lines of the mediaeval open gutters here and there, one such place being Huggin Hill running south from Queen Victoria Street to Upper Thames Street. The City must also have been awfully noisy, particularly on Sundays, with all those church bells.

Entrepreneurs

Two of the earliest entrepreneurs who got on with building while the City Fathers dickered over plans were Dr. Nicholas Barbon and the Adam Brothers. There are a couple of Barbon houses in Crane Court, off Fleet Street, and Adam work can be seen in Fredericks Place, Old Jewry.

But just east of Cannon Street station in Laurence Pountney Hill—Nos. 1 and 2 built in 1703—are the "finest early 18th century remaining in the City, if not in London," to quote one authority. Further east, near Billingsgate, is Lovat Lane, still cobbled, where there is a refurbishment of a pair of small old houses in a part which is one of nine conservation areas in the City. These areas are chosen for a variety of reasons; historical interest, townscape and character, street patterns and frontages are some of the criteria.

To the south of St. Paul's lies another of the areas. It gives a remarkable "picture," as it were, of the growth of London. The site—bounded by the river, New Bridge Street, Ludgate Hill and, in the east, the new piazza south of Cannon Street is a warren of medieval streets. Where Baynard Castle, first built about 1100, once stood on Thamesside is the brand new Baynard House. Going north from there across Queen Victoria Street (begun in 1867) is St. Andrew's Hill.

Up this hill on the right are a couple of mid-18th-century houses "reminiscent of a self-respecting domestic past" with gardens, but you have to stand on tip-toe to see them for they are walled. On the right there is the Cockpit pub, which was once what its name indicates and retains the structure. The area also includes Apothecaries' Hall, built 1684 and altered in 1779, in Blackfriars Lane. Wandering up St. Andrew's Hill one comes to Carter Lane with, at the corner of Dean's Court, the old St. Paul's choir school—an exuberant building of 1875. It needs cleaning and is now a youth hostel. Nearby can be seen a pretty square with a plane tree growing in it.

Back down on Queen Victoria Street is the College of Arms, built in 1671-1688. Among its charms are the parking bays, which instead of being labelled "reserved for the managing director" and suchlike in modern terms carry the names of Norroy and other Heralds. Hard by is the Faraday building of 1932 which was "called a disgrace directly it went up." From the new piazza one can see the Cathedral in all its clean glory and that other "cathedral" across the river, Bankside power station. For a good view of one of the last of the bomb sites (1940s) the best example lies at the bottom of Ludgate Hill, near Ludgate Circus.

Names

North of St. Paul's and just off Smithfield is Cloth Fair. As with so many other street names in the City it denotes its long-gone use but the two merchants' houses left (restored) date from the late 17th century.

Virtually any redevelopment in the City is likely to lead to Roman finds. One of the early post-war sites now contains Bucklersbury House (1953-1958) in Queen Victoria Street, the excavations for which revealed a temple of the Roman god Mithras—much to the exasperation of the developers. The temple remains are preserved on a terrace on the north side of the building.

That not everybody likes the new City buildings is probably an understatement but off the main arteries there are new (and old) courtyards with fountains and new plazzas such as the one at the Commercial Union-P & O complex in Leadenhall Street.

Almost everywhere the old is mixed with the new—try following the Heritage Walk marks built into the pavments starting at New Change, by St. Paul's. There are also the blue commemorative plaques on many buildings: a good example on the north side of Newgate Street reads "Site of Christ's Hospital 1552-1920." Or try tracing the pubs mentioned by Samuel Pepys.

But it is reassuring to be met when entering the City by such old routes as Holborn, by dragons at the gates.

Pamela Judge

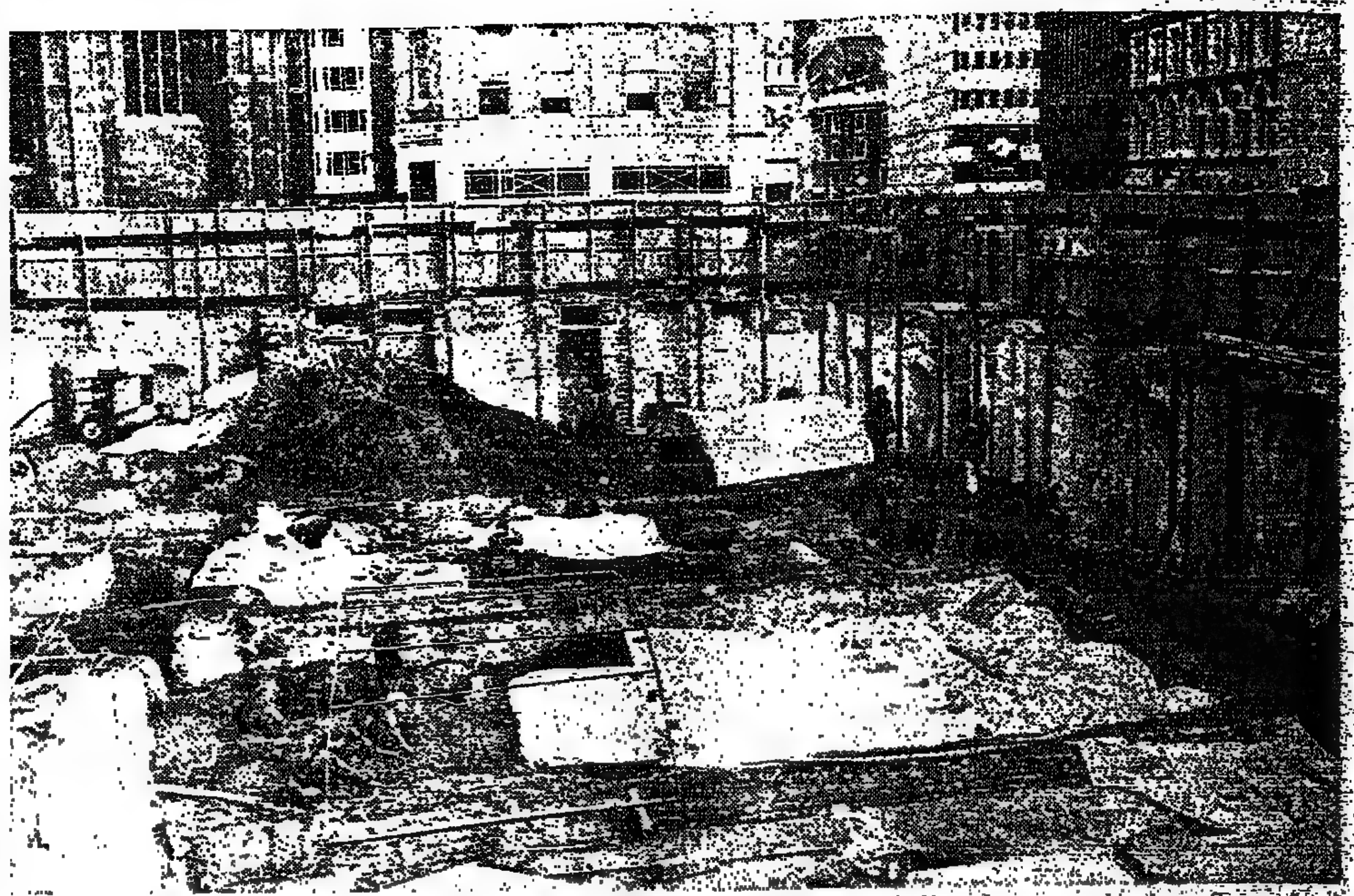
Developers prepare for the next office boom

A FRESH office building boom is starting in the City. But its full effects will not be felt until the mid-1980s and even then is unlikely to affect the balance of supply and demand in the prime areas.

The number of planning applications being dealt with by the City Corporation is running at 20 per cent above the level of three years ago. Over the past few months the City has approved several major office projects, some of which have hung fire for up to 10 years because of planning problems.

Notable recent planning approvals include 500,000 sq ft of offices in the former Port of London warehouses in Cutler Street which are expected to be occupied by the Baltic Exchange, a new 250,000 sq ft building for the National Westminster bank in Old Broad Street which grafts a new tower on to existing listed buildings. and 250,000 sq ft of offices on the City's eastern border by Wingate Investments, the Wimpey subsidiary.

Other major schemes in the planning process include the rebuilding at Lloyd's, a new 400,000 sq ft Post Office headquarters at St. Martin-le-Grand EC1 and a 300,000 sq ft scheme at nearby Little Britain which is another Wingate/Wimpey project.



Archaeological excavations continue in the Watling Court development site, where remains from Saxon and Roman periods have been uncovered

The biggest single speculative office development in the pipeline. the redevelopment of Broad Street and Liverpool Street stations to provide over 800,000 sq. ft., has yet to receive the go-ahead from the Department of the Environment. although it is nearly two years since an extensive public inquiry was held. Even if the decision is favourable. the first office space is unlikely to be ready before 1982. and British Rail regard the scheme as a 10-year programme.

Letting

Between now and 1981. the amount of new office space on the market in the City is likely to fall below potential demand even though several schemes left over from the 1972-73 boom are still on the letting market (for example. an office development at Queenhithe).

The "undersupply" will persist despite evidence that developers have brought forward some schemes in the face of growing demand. Revised estimates from Richard Ellis on development floorspace, which take into account the current revival, still show that between now and 1981 the amount of new space coming on the market will not exceed 3m sq ft. But between 1974 and 1977 some 3.75m sq ft of development floorspace was completed and let—and this at a time of recession. In 1979 the amount of development floorspace coming on the market will fall to 670,000 sq ft, compared with a peak of one million sq ft in 1976 (see table).

Between 1978 and 1981 a further 2½m sq ft of offices may be completed for owner occupiers, including the Natwest Tower. But according to stockbrokers Vickers da Costa, all but 500,000 sq ft of the 3.5m sq ft of City offices with planning permission as at June 1978 is replacement space. Even if Whitbread's Brewery. Liverpool Street and Cutler Street are added to the total, the net addition to the City's present 34m sq ft of floorspace will be the equivalent of only about 6 per cent.

Because of the long lead-in times to major schemes, estimates of future floorspace are subject to considerable error. Recent experience shows that some schemes are delayed for up to a decade by planning problems or by Office Development Permits, others take longer to build than expected and several were postponed after 1973. A new source of delay is the presence of archaeological remains on site which require investigation. Electricity supply Nominees' Watling Court scheme is suffering this delay.

In the prime banking and insurance areas of the City there is currently little scope for increasing the total stock of office floorspace by redevelopment. Angel Court and the Natwest Tower, both close to the Bank of England and the Stock Exchange, are probably the last major development schemes that result in a substantial net increase in office space. From now on major developments in these areas will be replacement or refurbishment of existing floorspace and much of this will be for owner occupation.

The latest examples include the second Natwest tower in Old Broad Street, the rebuilding of Barclays Bank in Gracechurch Street, of the Standard and Chartered Bank and of Baring's Bank in Bishopsgate. Only a small proportion of this space is likely to come on the market although the occupiers' need for alternative accommodation during building work will indirectly affect the letting market. The only major redevelopment coming on the market in the Bank area next year is the rebuilding of the Royal Insurance complex at the corner of Cornhill and Lombard Street and that will provide only 43,000 sq ft.

Rents

The implication for rents is obvious. But the situation may be very different on the periphery of the City once new developments come on stream after 1981. In the Holborn area the 160,000 sq ft Gamages development will be the only new large speculative scheme to be finished next year as the glut of space which came on the market after 1975 is steadily absorbed.

But there are plans to redevelop the present London Evening Standard building in Shoe Lane, for new space at Holborn Viaduct, for a new building at the corner of Fetter Lane and Fleet Street and all of these are likely to start over the next four years. Over the longer term a large site at the bottom of Ludgate Hill will become available once the Fleet Line is built. Furthermore, replacement of newspapers premises by offices will continue, a key site in question being the present News of the World/Sun headquarters, should the organisation move to Camden.

In the Barbican/St. Paul's area redevelopment of the Whitbread Brewery in Chiswell Street is expected to be ready after November 1980 and may come on the market. But up to 300,000 sq. ft. of offices may be built by Wingate Investments at the western end of London Wall once planning difficulties are overcome.

In Moorgate United Real are starting the redevelopment of Moorgate station buildings and in the longer term the eastern end of London Wall may see major office schemes by Commercial Union Assurance and others as Route II is extended. Although most of the sites on the City's riverside are now developed and let, work is starting on 120,000 sq. ft. of offices opposite Billingsgate market, the future of whose building is in doubt now that the market is moving to Dockland.

Conservation is putting stricter limits on the sites available for large-scale redevelopment, especially in the centre of the City. There are over 600 listed buildings in the Square Mile, nine conservation areas, and possibly a tenth may be designated. But as the example of Bow Lane shows this does not deter a developer prepared to mix refurbishment with rebuilding but limits the size of individual schemes.

The eastern end of the City, where conservation pressures are less, will see most of the new office space planned for the 1980s. Liverpool Street and Cutler Street have already been mentioned but some 500,000 sq ft around Aldgate is in the pipeline. About 90,000 sq ft in the second phase of the Wingate Centre will be available next year while the developers have permission for a further 250,000 sq ft in the Minories, most of which will be occupied by OCL and have plans for over 200,000 sq ft at Gardiners Corner, Whitechapel, just outside the City.

With East End boroughs and Southwark favouring office development as a means of urban renewal, the mid-1980s could see a substantial amount of new office space on the City fringes such as Shoreditch, Southwark and Whitechapel. If it comes on the market within a short space of time it may take time to absorb. The mid-1980s could well see the return of difficult times for the City letting market, particularly in the fringe areas.

Looking further into the future, the nineties should see the end of the great post-war rebuilding of the City which started with the replacement of war damage in the fifties, continued with the tower blocks of the sixties, was held back by the ODP system, curtailed by the 1974-75 slump and will finally end when the sites mentioned previously are completed. But if the pressures on office space continue, there will still be plenty of refurbishment of older buildings and infilling.

Michael Goodman

General de Gaulle's successors

AT AN international conference in Berlin the other day the proposition was put forward that the trouble with the Anglo-Saxon world is that it has become excessively inward-looking. Since the proposition came *from a German, and was immediately supported by a Frenchman,* it commands some attention, the more especially for its implicit corollary that it is now France and West Germany that are the outward-looking powers.

It has long been a British illusion that the European continent is somehow cut off from the rest of the world. Britain, said Mr. Harold Wilson, should never become "corralled in Europe," *and the Foreign Office* encouraged the belief that the purpose of British diplomacy was to keep Europe at a distance while making sure that the U.S. remained on the right track. It was a somewhat pretentious role which assumed that the British alone were mature enough to view the world as a whole, but perhaps it did nobody much harm except ourselves.

Nowadays, however, *it is quite obvious* that the need for such a role no longer exists. The U.S. does not need Britain in order to be able to talk to Europe or to the Soviet Union, or the Middle East. It does so directly. Much of *today's diplomacy* would go on in much the same way if Britain were to disappear. There is no reason to be surprised by that. The trend has been clear for some time. There was no way in which Britain could go on playing a world role given *its continuing relative economic* decline.

Yet what is more surprising is the change in the U.S. The *U.S. today no longer aspires to* being the world's policeman.

There are whole areas of the world—the Horn of Africa, for example—where U.S. involvement is minimal, despite the activities of the Soviet Union. Nor does its currency reign supreme. Some of these changes are beneficial. It is a relief to many in Europe, for instance, that the Central Intelligence Agency has been reformed, and that the Americans are no longer engaged in Vietnam. At the same time, the U.S. is still able to concentrate on the essentials: NATO, the Middle East, the strategic relationship with the Russians, and perhaps North East Asia. In other words, there has been a change in the U.S., but not necessarily a decline.

But the biggest change has come about in Europe. It is the rise of France and West Ger*many which has led to a shift* of the balance of power within the Atlantic Alliance, and the change has occurred in a way that few people would have predicted a few years ago. There is very little in the new Europe that is "anti-American." The Chancellor Herr Helmut Schmidt, in Germany and President Giscard in France are about the most Atlanticist leaders you could expect to find in those two countries. And indeed under the Carter Administration there is very little reason for being "anti-American" precisely because the Americans are no longer pushing people around or trying to impose their own ideas.

The extent of the change in Europe can be shown in a number of ways, starting with a comparison with the 1960s. *It was a characteristic of* Franco-German relations in that period that Germany always seemed to be being asked to make a choice between France and the U.S. Of course, what the Germans wanted was good relations with both, but there was a tendency on the part of the French to demand that Germany should show itself "more European" by standing up to the Americans. Thus there was always a latent source of tension. Today that tension no longer exists.

There have been other changes. France may remain outside much of the military organisation of NATO, but there *has been no rundown of French* defence. On the contrary, French defence expenditure has recently been increasing; so has the country's cooperation with the rest of the Alliance. The German defence contribution has also become much more substantial than it was in the past.

Fashionable

A few years ago it was fashionable to predict that a closer European defence identity could only come about as an expression of partial independence from the U.S. It followed from that there would probably be a hostile reaction from the Soviet Union to the rise of a new European force. Yet it is a curious irony that Soviet attacks on German "revanchism" seem to have stopped about the very time when the Germans were becoming politically and militarily stronger.

Again, if one looks back to the Germany of the 1960s, the *country was not then even a* member of the United Nations and the *Ostpolitik* was only barely under way. Today West Germany's relations with the Soviet Union are at least as good as those between Moscow and any other western power. Even relations with East Germany seem recently to have developed a momentum of their own: witness the agreements this month on the Berlin-Hamburg Autobahn and the use of the Teltow Canal in Berlin. Yet who now maintains, as many did at the time, that the development of the *Ostpolitik* was bad for stability? True, West German aspirations are still primarily European, but it is a wider Europe than a few years ago, and there are some signs that the interest is extending to Africa.

There has been comparable changes in France. It would have seemed inconceivable in the 1960s or even in the early 1970s that the French could join with the Germans, the British, the Americans and the Canadians in the Namibian initiative. Yet *there they are co-operating. It* would have been scarcely less conceivable that Peugeot would be buying the European end of Chrysler, yet again it has happened.

There is one other major change in France that has certainly impressed the Germans, and that is in economic policy. For years, the French sought to maintain their competitiveness *by periodic devaluations of the* franc. This year, for the first time, they have come out and said that the Germans were right and the French were wrong: competitiveness is best *maintained not be depreciation,* but by fighting inflation. Without that change, it seems doubtful whether the negotiations on the proposed European Monetary System would have ever begun.

It would be foolish to pretend that all this has occurred fortuitously. Clearly the French and German leaders must reflect from time to time on what they are doing, even if there is no grand design. And indeed it is possible to pick out the following strands in their thinking. A strong Germany on its own is bad for France, bad for Europe and ultimately bad for Germany. Germany *therefore needs a partner in* Europe. Given the relative decline and generally suspect nature of Britain in affairs European, the only possible choice is France. The partnership can only be achieved, however, on the basis of something approaching equality. Thus France, provided that it is also willing to help itself, must be helped. (That is the reason, *for example,* why many Germans would be *prepared to* make sacrifices to have France in the EMS which they would not wish to make for Britain.)

At the same time, Germany would no want to go with France at the expense of going with the U.S. Since the French are no longer making that demand, that is no problem, even if there are some Americans and British who doubt it.

What all that amounts to is that there is a change in the order of the Atlantic Alliance. The Alliance in its broadest politico-military-economic sense has not necessarily become weaker, but there has been a shift in the balance of power within it. France and West Germany at least are assuming *more responsibilities.*

There are, of course, many things which could still go wrong. A lapse into protection*ism is perhaps the most obvious* example. It could lead to a chain reaction wherein the western powers recovered all their old suspicions of each other. It is not at all clear either that the alliance has any agreed view of recent events in Asia. Does the Sino-Japanese treaty, for instance, and the Chinese decision to go all out for modernisation with western help upset the balance of power in that part of the world? What will be the effects on the Soviet *Union? Not least, what would* be the consequences for the East-West balance of a second strategic arms limitation treaty between the Americans and the Russians, which the U.S. then *failed to ratify? All the signs* are that we are in for a difficult year on that particular issue.

The potential upsets apart, however, the point is that the world has changed, and it is far from certain that the extent of the change has been fully recognised in Britain, nor perhaps in America either. The U.S. will no doubt catch on to developments later, and in any case they are not necessarily to the American, or even the western, disadvantage. But for Britain the problem is different. It is that the country has still not come to terms with its own decline. As a matter of fact, there would be a perfectly honourable place for us in the new Europe and the new alliance, if only we could accept our reduced power. As it is, we go on behaving as if the years of economic weakness had not taken their toll of our role in the world. EMS can go ahead without us. So too can European-American co-operation. Yet that is not the view that is heard in Whitehall or in Westminster.

The most depressing remark *I have heard for a long time* went as follows: "The Germans have set deadlines before and lived to regret it. If Helmut Schmidt insists on the January 1 deadline for EMS, they will regret that too. But so long as he does insist, the purpose of British diplomacy will be to drive wedges into Franco-German co-operation in other fields." It is classic Foreign Office stuff and might have served its purpose in the 19th century. It came from a senior British diplomat this week.

Malcolm Rutherford

President de Gaulle and Dr. Adenauer happily together. That was in 1963, but the tensions did not disappear before the days of their present successors.

Letters to the Editor

Common energy policy

From Dr. W. Lowenstein-Lom

Sir,—The concern of the British Government, of the Labour Party *and of others* about an unduly high contribution of the UK to the European Community's expenditure is legitimate and, I believe, is recognised as such in Community circles. The resultant attacks by UK Ministers against the common agricultural policy are understandable and the transfer of resources from poorer to relatively richer countries which may result shortly is considered a matter for regret, but in the light of real politics, would be hard to reverse at short notice.

There is, however, an alternative approach which the UK could use and which would, in a relatively short time, improve the flow of funds in the direction of the UK and which should meet *less political opposition* than any fundamental changes in the CAP.

The Commission will shortly be looking for additional or alternative sources of budget funds and a duty on imported energy is under consideration. Such *a tax,* much as one on imported food, is easily collected, would only raise energy costs very slightly, would have the effect of encouraging domestic energy production—whether the *latter is subsidised out of the* proceeds of the tax or not—and would encourage energy savings. If matched by a genuine resources transfer from the high to the low GNP EEC member countries, any political objections to such a tax would easily be *recognisable for what they* are.

It is felt, therefore, that rather than cavil at the misuse of Community funds collected at present, the most positive contribution UK Ministers could make *would be to work towards a com*mon energy policy (CEP) accompanied by a substantially enlarged Community budget. While CAP would continue to pre-empt much of future expenditure and attempts should clearly be *made to limit both the spend*ing and the surpluses it creates, it is to CEP that the UK should look to re-establish a fair and sensible equilibrium.

Dr. W. Lowenstein-Lom,
Domaine de Beauregard,
Rue Pierre de Coubertin,
Luxembourg.

EEC farm incomes

From the European Director, Agra Europe (London)

Sir,—Mr. Michael Strauss (November 21) continues to miss the point: the failure of the Common Agricultural Policy to provide adequate incomes for the [illegible] per cent of farmers working holdings of less than 50 hectares while over-rewarding the increasing number of larger producers.

Though small in number, the larger farmers control large proportions of production in all commodity sectors. They consequently gain excess profits when prices are set at the level needed to reward the small and inefficient. The important point about the above *50-hectare group*ing in the EEC Commission's data is that it is an average of farms of this category. If the average income is so much greater than the national average wage, it is surely valid to deduce that the efficient and therefore above average farmer in this group must be earning a very much greater net income.

Mr. Strauss knows full well that fixed costs are easily calculable for farms in every member state of the EEC and that when applied to the Commission's gross margin data demonstrate very comfortable profits indeed to the efficient farm business.

Brian Gardner,
European Director,
Agra Europe (London),
216, Rue Sterin,
Brussels.

Indifferent to culture

From Mr. H. Leggatt

Sir,—In the debate in the House of Lords (November 21) on value added tax on second-hand goods, Lord McCluskey—Solicitor-General for Scotland—said on behalf of the Government that he felt it possible to exaggerate the effect of VAT as a tax incentive to export works of art.

The all-party House of Commons Expenditure Committee last July took the contrary view. In its report it stated: "In the context of purchases of works of art we wish to draw attention to the fact that while VAT is charged on sales to purchasers in this country, it is not charged on purchases for buyers residing abroad. We recommend that urgent consideration should be given to the effect of this anomaly on the export of works of art and to the removal of discrimination against purchasers in this country."

Could it be that Lord *McCluskey's attitude was affected* by what must be another example of Treasury complacency stemming from its profound indifference to cultural affairs.

Hugh Leggatt,
Leggatt Brothers,
30, St. James's Street, SW1.

Taking a decision

From the General Secretary Institution of Works Managers

Sir,—I am greatly interested by your report (November 16) of Professor Brian Wilson's inaugural address to the Cranfield Institute of Technology, since it underlines the most vital need of industry today — professional management.

Managers, he says, are beginning to believe it is wrong to take a decision unless it is by consensus in committee, being unnerved by *talk of industrial* democracy and participative management. He also states that, in a successful business, senior managers demonstrated by example, practising what they preached: "unpleasant realities are faced and dealt with."

Management is a job for qualified professionals. A qualified manager is *per se* a professionally trained problem solver. A man trained to harness together the problems arising in his company, through his ability to communicate and maintain stability with the courage of his convictions.

The unnerved managers that Professor Wilson refers to can only be those who are not professionally qualified. The alternative to professional industrial management is, as he says, redundancy of the traditional supervisory role. This, of course, could only be to the total detriment of industry.

Christopher Benson,
45, Cardiff Road,
Luton, Beds.

Managing funds

From Mr. D. Damant

Sir,—I very much agree with Mr. Peter Baker's suggestion (November 11) that a fund manager, by index matching a considerable proportion of his equity portfolio, can concentrate more of his attention on the shares in small companies, which are almost certainly a less efficient market. There are a number of other areas where the fund manager will have the time and the talent to produce improved results if he adopts a core of index matched securities.

There is first of all market timing. Hard-line supporters of the efficient market theory in the U.S. hold this to be just as impossible as switching between shares, but the economic cycle has certainly been more marked in the United Kingdom than in the United States, at least until recently.

Then there is the question of risk: or, from the other point of view, the matching of an investment policy against future *liabilities.* This leads to the question of the structure of a portfolio—the proportion as between equities and gilt-edged stock, or cash, and the ways the structure of the portfolio is affected by changes in basic assumptions about the rate of inflation, etc.

Services to enable the investment manager to carry out these and other policies are available or will shortly be available from a number of commercial and *academic sources in London.* The opportunities to bring rational argument to bear in a very uncertain field are improving considerably as a result of the development of a British as opposed to a North American analysis of the underlying market, although many of the U.S. conclusions have been proved valid in this country also.

In the meantime, acceptance of modern portfolio theory continues to grow in the States. *Investors on both sides of the* Atlantic continue to commit funds to First Index, the mutual fund set up to match the Standard, and Poors 500 by the Vanguard Group in Philadelphia. The fastest growing fund manager in the Institutional Investor's top 300 institutional advisers during 1977 was Batterymarch, one of the pioneers of index matching in the States: and two growth leaders amongst the banks—American National Bank and Trust of Chicago and Wells Fargo—are both leaders in the same field.

D. C. Damant,
Clive Investments,
1, Royal Exchange Avenue, EC3.

Portfolios and indexation

From Mr. P. Shucksmith.

Sir, — Mr. Baker (November 11) appears to have misinterpreted my letter of October 25 by suggesting that I am against indexed funds. On the contrary, I find the competitive market hypothesis on which they are based appealing and am sympathetic towards indexed funds for *many investors.*

He misconstrued my letter a second time because I did not suggest that "an index-fund represents the average performance of professionally managed funds." When I wrote that "if *trustees go for an index-fund,* they are certain to get an average performance," I feel it was clear, particularly in the context, that average was used in a qualitative and not a precise statistical sense.

As regards the emphasis given to the Bacon and Woodrow performance figures for a sample of pension fund portfolios, I wish to point out that they are poor evidence for his assertions. The performance analysis was designed to compare portfolios with each other and not to compare U.K. equity performance with a notional ASI (All Share Index) indexed fund, for which latter purpose it has a number of shortcomings. One of the more important is that the index return given makes no allowance for expenses on investing new money.

Mr. Baker's statement that historic superior performance by unit trusts specialising in smaller companies implies that the market in the shares of such companies is sufficiently inefficient to make analysis and trading profitable, is not logical. Such historic performance would be consistent with a number of other explanations. One such explanation is that small companies' stocks are a differentiated, not distinct, market generally offering investors higher total returns, but with shares efficiently priced between themselves. My personal inclination would be to apply indexation principles to the smaller companies' sector as well.

Thomas S. Shucksmith.
4, Roquebrune,
139, Blackborough Road
Reigate, Surrey.

Britain and Africa

From Mr. T. Berchten

Sir,—Would you allow me to make use of a few column inches to advance my own theory about Western, particularly British policy towards Southern Africa?

It is accepted, even by Dr. Owen, that black majority rule in South Africa is out of the question for strategic and industrial (or economic) reasons. The black African states will never cease vilifying the West and making life difficult for us in the United Nations so long as Britain and other Western countries do not force black majority rule upon South Africa. No matter what we do to appease Nyerere, Kaunda, Nigeria's and other countries' governments, they *will always kick up in the shins so long as we "candidly* support" (in their eyes) the white racist regimes in Southern Africa.

Therefore, forcing Rhodesians to accept black majority rule and making sure they do not err from *their past commitments* (continuation of sanctions) will still not be sufficient to appease the black African leaders. Vide Kaunda's outburst over the Bingham report. The West's commitment to black majority *rule in Rhodesia is merely oppor*tunist (i.e., winning the friendship of black Africa).

The West's or Britain's standing with black Africa would not have been further damaged if in 1976, Britain had lifted sanctions *and supported* the white government of Rhodesia. It would have created a furore which would have died down after an increase in the budget of the Ministry of Overseas Aid and Development. Such a policy would have been seen as a logical extension of Britain's "support" of white supremacy in South Africa: an apparent policy which does not result in Britain's isolation, does not impede her trade with black Africa and which does not harm her influence and bargaining position with the Third World and in the United Nations.

Even if the British Government allowed the Patriotic Front to seize power, the African statesmen would still not be satisfied until sanctions are applied to South Africa. Candid and thorough support of the internal settlement (lifting sanctions, financial and military aid) would not gravely worsen Britain's standing in the Third World and Africa.

Thomas Berchten
(Vice-Chairman,
University of East Anglia
Conservative Association),
University of East Anglia,
School of European Studies,
University Plain,
Norwich, Norfolk.

Today's Events

GENERAL

The Prime Minister, Mr. James Callaghan, meets President Giscard d'Estaing in Paris to discuss the European Monetary System.

Ford *strikers* return to work.

Talks resume on pay claim of manual workers at Austin-Morris, Cowley.

Rate Support Grant Settlement for 1979-80 to be announced by Department of the Environment.

EEC-Comecon meeting continues looking for a formal trading agreement.

EEC Agriculture Ministers still at work on fishing policy, Brussels.

Final day of EEC Transport Ministers meeting in Brussels.

Results of dairy producers vote on future of Milk Marketing Board.

Mr. Hiroshi Anzai, Tokyo Gas chairman, leaves for Moscow for talks on proposed changes in routing of pipelines in U.S.-Japan-Soviet Yakutia natural gas resources development in Siberia.

Volkswagen's supervisory Board *expected to discuss taking a stake* in the Nixdorf computer company.

Dutch Cabinet likely to decide whether to choose the French Breguet Atlantique or the U.S. Lockheed Orion marine reconnaissance aircraft.

Sir Kenneth Cork, Lord Mayor of London, lunches with Police Committee, Guildhall Crypt, and dines with Gold and Silver Wyre *Drawers' Company, Mansion* House.

London Chamber of Commerce and Industry business forum on "The Gulf Pattern 1977-82."

International Exhibition of Inventions and New Techniques opens in Geneva (until December 3).

Birmingham Chamber of Industry and Commerce sponsored trade mission leaves for two-week visit to Japan.

Stanley Gibbons holds first British auction of "worthless" bond and share certificates.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' motions.

COMPANY RESULTS

Final dividends: Stag Line. Interim dividends: Rediffusion, Rivington Reed, Robertson Foods. Interim figures: Lamont Holdings.

COMPANY MEETINGS

Charterhall, Chartered Accountants Hall, EC, 11.45. Inall Industries, 75, Harborne Road, Birmingham, 12.30. S. Lyles, Wakefield Post House, Queens-drive, Osset, 12. Macallan-Glenlivet, Macall - Glenlivet Distillery, Craigellachie, Banffshire, 12.

SPORT

Boxing: Wales v Holland, Cardiff.

COMPANY NEWS

Exchange losses hit ICI in first nine months

AFTER taking into acount substantial exchange losses of £22m against £2m, third quarter profits of **Imperial Chemical Industries** were down sharply from £105m to £83m giving a total for the first nine months of 1978 of £334m, compared with £414m in the same period last year.

The nine months profit was after depreciation of £169m (£165m) and exchange losses of £26m against £10m.

Group sales in the first nine months of 1978 were £3.34bn against £3.55bn. The value of sales in the UK increased by £110m to £1.33bn and in overseas markets by £6m to £2.02bn. The f.o.b. value of exports from the UK for the first nine months of 1978 was *£641m against £604m.*

The group sold its 63 per cent interest in Imperial Metal Industries Limited in early November 1977. IMI's results are included in group results up to October 31, 1977, but their sales have been excluded from 1977 figures when *making the comparisons* with 1978.

A mainly seasonal fall in volume in the third quarter caused a reduction in the value of group sales, including exports from the U.K. Profits are being depressed not only by the lower volume but *also by higher employee costs,* especially in the UK and by rising raw material costs.

These continue to increase whereas world prices remain weak. Furthermore, the weakening of the U.S. dollar and some other currencies during the third quarter resulted in the loss on the conversion of the net current assets of overseas subsidiaries into sterling.

	Nine months 1978 £m	1977 £m
External sales	[illegible]	[illegible]
Profit before tax & grants	334	414
After:		
Depreciation	[illegible]	165
Exchange loss	26	10
Tax [illegible]	171	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	10	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

On a current cost accounting basis, the total of additional depreciation, cost of sales adjustment and erosion of the value of trade debtors less creditors would *have reduced group income* before tax for the first nine months of 1978 by £199m, compared with reductions of £164m for the first nine months of 1977 and £231m *for* the full year.

If SSAP15 had been applied for the first nine months of 1978, it is estimated that the tax charge *would have been £20m lower* compared with about £60m lower for the full year 1977.

The trading results for 1978 will be announced on February 22, 1979.

INDEX TO COMPANY HIGHLIGHTS

Rise seen by French Kier

FROM SLIGHTLY higher turnover of £80.5m against £79.5m, profits before tax of **French Kier Holdings** rose 20 per cent from £2.75m to £3.3m in the first half of 1978. The profit last year was after providing £1m for a write down in the value of development land.

After forecasting in June that pre-tax profits for the year were expected to be not less than that achieved last year, Mr J. C. S. Mott, the chairman now says he anticipates that the year's profit will show a reasonable increase over the £7.01m of 1977.

The interim dividend is raised from 0.75p to 0.825p and the directors expect to recommend the maximum permitted final—last year the total payment was 1p.

Each of the four main operating divisions was profitable, the chairman reports. Within a slightly increased aggregate, turnover for European and overseas construction each showed a 6 per cent rise while an increase in products and services offset a reduction in property development and investment.

● comment

French Kier looks to have done well enough to lift group taxable profits a fifth in its current first half year. But the comparable figures did include a write down for development land. Adding that back leaves the group performance looking uninspiring, and the overall trading background is sluggish. Group turnover has only improved a fraction and is likely to show only a 7 per cent advance for the year. Moreover in spite of a strong performance overseas in profit terms, particularly in the Middle East (which probably chipped in around £500,000), overseas turnover has shown little improvement. In the balance sheet net cash stands at £4.5m, and no further provisions (undisclosed) are said to be necessary on the Hong Kong Mass Transit Railway joint venture, or the investigation by the authorities into the affairs of W. and C. French (£500,000 was allocated for this). At 54½p the shares stand on a prospective p/e of 4.8, assuming the first half trend is maintained and yield 8 per cent.

Thomas Locker to improve

MAINLY resulting from lower returns from overseas operations, pre-tax profits of **Thomas Locker (Holdings)** were down from *£1.7m to £1.05m in the six months* ended September 30, 1978.

However current order books of the group—screening and filtration engineer—show an improvement over the same period last year and it is expected that second half profits will exceed the profit for the first six months.

The interim dividend is maintained at 0.24075p and there is an additional payment of 0.075p in respect of 1977-78. The total for that year was 0.86575p from pre-tax profits of £300,000.

Powell Duffryn aims to maintain £15m profit

PRE-TAX profits up from £6.26m to £6.66m are reported by Powell Duffryn for the half year ended September 30, 1978 and results for the year are expected to be comparable with last year's record £15.01m.

The forecast is made despite the current background of economic and industrial uncertainty which makes it difficult to be confident of any significant improvement in trading conditions in the *short term, says Mr. Christopher* Aston, the chairman.

The first half profit is after providing for a special payment of £185,000 for the improvement of pension benefits.

The interim dividend is 3.9p per share, compared with 3.5p—last year's total was 10p.

In a generally unfavourable trading climate, certain group activities suffered growing pressure on profit margins, particularly the engineering division.

The continued depression in the construction market persisted both in the UK and elsewhere in *Europe, with no real sign of* recovery yet evident. However, the results of the shipping division are reassuring when seen against recent world trends.

The capital expenditure programme embarked upon last year is continuing, including further investment in chemical storage terminals overseas, *particularly* in New York and Sidney.

Following the disposal in June of the Beatwaste and industrial services activities, the pollution control operations retained by the group have been combined with building services contracting to form a single environmental services division.

	Half-year 1978 £000	1977 £000
Turnover	137,[illegible]	124,474
Subsidiaries profits	6,[illegible]	5,873
Associates share	[illegible]	1,070
Trading profits	7,[illegible]	[illegible]
Interest	477	[illegible]
Profit before tax	6,659	6,263
Tax	1,[illegible]	1,112
Net profit	5,[illegible]	5,151
Minorities	—	20
Extraordinary items	—	42
Attributable	5,3[illegible]	5,069
Preference div.	30	31
Ordinary div.	1,3[illegible]	1,073

● comment

Powell Duffryn's modest 6 per cent interim profits advance arguably confirms the stock market's relatively low rating of this widely spread group. On the trading front the results particularly reflect tough worldwide conditions for construction equipment manufacturers: the important engineering division's contribution, for instance, is a shade lower while margins here are 2 per cent down. Hymac is encountering increasingly stiff competition overseas and the hydraulics company has been hit by Massey-Ferguson's problems. The big black spot, however, is environmental services where Soteec was again dragged down by the depressed French building sector and where Corral is still losing money. Elsewhere the shipping side has done well thanks to its specialist niche in the tanker market and, together with oil and chemical storage and engineering, this is an area where the company *is banking on future growth.* The long-term emphasis, meanwhile, is likely to be overseas. At 154p and taking a line through the interim tax charge the shares are on a prospective p/e of 4.7 and a yield of 9.2.

Freddie Mansfield

Mr. Christopher Aston, chairman of Powell Duffryn, with a model of the Melbourne Installation of P. D. Oil and Chemical Storage. Powell Duffryn has installations for oil and chemical storage in the UK and chemical storage in Australia, U.S., South Africa, Spain and France

Redland expands 19.7% to £21.7m at six months

ASSISTED BY a 24.8 per cent profits rise to £9.75m from *its UK subsidiaries, Redland, supplier of* materials and services to the construction industry, expanded pre-tax surplus 19.7 per cent from £18.12m to £21.69m for the 26 weeks to September 24, 1978.

Share of profits of overseas associates increased 26.5 per cent to £5.3m, but the contribution *from overseas subsidiaries* was up only 8.5 per cent to £6.64m.

Turnover for the year rose 12.9 per cent to £144.19m, split as to £67.05m (£58.72m) in the UK, and £77.14m (£68.09m) overseas. Exports from the UK totalled £4.53m against £4.35m.

In September, the directors said that the current year showed increasing promise as it developed, particularly in the UK and continental Europe following an adverse winter: they were hopeful that the group would at least be able to maintain the worthwhile advances already achieved.

For the year to March 25, 1978, both pre-tax profits and sales were a record: at £39.44m and £270.36m respectively.

After a half-yearly tax charge of £7.39m (£6.7m) and minorities of £1.95m (£1.79m), attributable profits rose 26.2 per cent to £12.15m.

Earnings per 25p share are shown as 12.76p (10.33p) and the interim dividend is stepped up from 2.094p to 2.351p net—in 1977-78, payments totalled 4.22p.

Depreciation charge for the period took £7.2m (£6.65m) and interest payable, £1.42m (£1.41m). Profits from sales of surplus land and property amounted to £0.12m (£0.09m).

See Lex

Brunning margins thinner

TURNOVER of the **Brunning** Group rose 6.9 per cent to £13.61m in the half year ended September 30, 1978 but due to thinner margins in some companies, profits fell 4.6 per cent from £424,343 to £404,758.

However, current budget forecasts indicate that the year's profit should be maintained at last year's £814,672, the directors say.

The interim dividend is stepped up from 1.485p to 1.5075p absorbing *£46,076 (£45,388). The total* last year was 3.793p. After tax of £210,474 (£220,762) net profit for the half year was £194,284 against £203,781.

TAP ISSUE

The Bank of England announces that the list of applications for the issues of £700m of 12½ per cent Exchequer Stock, 1984, and £500m of 12¾ per cent Treasury Stock, 2003-05 opened and closed yesterday. The full amounts of the stocks offered have been allotted, all applications from the public being allotted in full.

Fraser slows in third quarter

PROFIT GROWTH of **House of Fraser** slowed in the third quarter and, with the period giving £6.88m compared with £6.74m, pre-tax profits for the 39 weeks to October 28, 1978, show a £2.88m advance at £15.16m.

Provision has been made for depreciation of freehold and long leasehold buildings to comply with SSAP 12. This resulted in a charge of £1.05m for the nine months. If a similar charge had been made for the corresponding period it would have amounted to £900,000, reducing profits to £11.41m.

Stated third quarter earnings are unchanged at 2.88p per 25p share, making 5.94p (4.84p) for the nine months.

See Lex

	12 weeks 1978 £000	1977 £000	39 weeks 1978 £000	1977 £000	Year 1977-78 £000
Turnover	144,539	126,605	401,932	[illegible]	[illegible]
Less VAT	9,609	8,349	26,731	[illegible]	[illegible]
Leaving	134,930	118,356	374,201	[illegible]	[illegible]
Trading profit	10,297	8,471	24,949	[illegible]	[illegible]
Depreciation*	1,695	1,532	4,675	3,307	4,576
Leaving	8,602	7,036	20,269	[illegible]	[illegible]
Interest	1,575	1,267	4,025	4,178	[illegible]
Depreciation on props	950	—	1,050	[illegible]	[illegible]
Operating profit	6,577	6,741	15,194	12,313	24,211
Share of assoc.	—	—	—	—	[illegible]
Props. sale etc.†	—	—	—	—	[illegible]
Profit before tax	6,877	6,741	15,196	12,332	[illegible]
Tax	3,578	3,505	7,881	[illegible]	[illegible]
Profit after tax	3,301	3,236	[illegible]	[illegible]	[illegible]
Pref. dividend	8	8	[illegible]	[illegible]	[illegible]
Attributable	3,293	3,228	[illegible]	[illegible]	[illegible]

* Excluding properties. † Surplus on sale of properties and investments.

Renold profits little changed at six months

FOR the six months to September 30, 1978, **Renold** reports pre-tax profits little changed at £5.08m compared with £5.04m.

The directors say that the results show a continued lack of buoyancy in the world economy. Improvement has come from overseas companies reflecting the benefits arising from reorganisation in 1977. These and other operating economies continue but the level of world economic activity does not seem likely to lead to any major improvement in the second half. For the last full year, profits totalled £10.37m.

First half earnings per £1 share are shown at 7.2p (7.7p). And *the net interim dividend is lifted* from 2.6p to 2.7p. In addition there is a 0.1036p payment in respect of 1977/78. This brings last year's total to 9.5446p.

	First half 1978 £000	1977 £000
External sales	60,206	60,356
Depreciation	2,065	1,942
Trading profit	6,920	6,492
UK	3,908	4,056
Overseas	2,934	2,396
Interest	1,744	1,441
Profit before tax	5,076	5,0[illegible]
UK tax	1,[illegible]	1,155
Overseas tax	593	544
Net profit	2,[illegible]	3,052
Minority loss	27	48
Pref. divs	12	15
Attributable	2,[illegible]	3,113

● comment

Overseas Renold's half time profits are up by 23 per cent. Though demand is at a low ebb and competition continues to be fierce, the overseas side reflects Renold's reorganisation—including some closures—during 1977. So overseas the recovery is beginning to look encouraging, but in the UK trading remains depressed. Profits are 5 per cent lower compared with a 2 per cent decline in the previous six months. This acceleration in the rate of decline can partly be explained by the strike at Coventry (three weeks of it came into the first half) but even so the overall picture is depressing with European manufacturers stepping up competition in the UK and Renold can see no sign of an upturn yet. The upward move in the interest charge has not helped and though the £3.8m cash from the sale of Renold's stake in Fenner last August will make more impact on the second half the recent rise in rates will offset this benefit to some extent. Overall profits this year will probably be similar to last year. At 130p the p/e on a low tax charge is around 7½ but the major prop is the yield, which, without any increase in dividend, is 11.2 per cent.

Elliott Gp. back in the black

MAINLY DUE to better results from the building division and continuing the recovery made in the second half of last year, **Elliott Group of Peterborough** achieved a turnround from a loss of £248,000 to a pre-tax profit of £405,000 in the six months to September 30, 1978. Turnover for the period was little changed at £8.6m.

After a lapse of one year, interim dividends are resumed with a payment of 0.25p net, the same amount as last year's final which was paid when an £89,000 loss was reported. The cost of the interim is £33,000.

Tax for the six months took £211,000 (nil) and £160,000 (£249,000 deficit) was retained.

● comment

Elliott Group of Peterborough, at the centre of several City storms nearly a year ago, seems to be on some sort of recovery path. There has been a turnround of £653,000 to profit, even though turnover has remained virtually static. The stockmarket seemed happy enough and the shares rose 3p to 19p. The group, now substantially reorganised since last year's traumas, has sensibly returned to concentrating on its principle—and profitable—specialist activity making and selling relocatable buildings in the UK. Ambitions to open up the Middle East have been scaled down to more modest proportions, as befits a group which in its last financial year only achieved £16m in sales. The group overdraft of £4m, compared with a stock market value on the group of £2.3m, has been contained, but interest rates are not working in the group's favour and could trim back recovery in the second half. At 19p the shares yield 4 per cent assuming an unchanged final dividend.

Gleeson falls to £740,000

PROFITS of **M. J. Gleeson (Contractors)** were almost halved in the year ended June 30 1978 due to substantial civil engineering losses.

Pre-tax profits slumped from £1.48m to £743,000 on turnover down from £54m to £52m. Taxation takes £380,000 (£764,000).

The directors say the civil engineering losses were due to problems over motorway contracts and if these can be resolved the group's setback may well prove to be temporary.

The other divisions, particularly estate development, performed well, but the bank interest figure included in profits is down from £1.02m to £238,000.

The final dividend is the maximum permitted 1.3037, making a total of 2.03 net (1.84p).

A £2.19m surplus from valuation of the group's completed properties at June 30, 1978 has been added to reserves.

Earnings per 10p share are shown as 3.83p (6.66p).

Dartmouth Invest. warns on second half

From turnover of £3.75m against £3.55m, profits of **Dartmouth Investments** were down slightly from £178,000 to £175,000 in the six months to September 30, 1978, before tax of £40,000 compared with £93,000.

As expected, the interim dividend is 0.6p on capital increased by last July's rights issue and the directors confirm their intention of paying a final of 0.65p to make a total of 1.25p. The previous total was 0.81282p, paid from pre-tax profits of £305,000.

Since September the group has been affected seriously by a lengthy industrial dispute in the Scottish subsidiary, and in one of the supplying companies, the board states.

Furthermore, in view of the state of the British motor industry, it has been decided to sever the relationship with one of the group's major clients.

The full cost of this break and reorganisation will be borne in the second half and the directors caution shareholders' expectations regarding the year-end achievement.

Dunhill's increase to £5.19m

ON TURNOVER *up from £23.22m* to £29.97m **Alfred Dunhill** increased pre-tax profits from £4.6m to £5.19m in the half year to September 30, 1978.

The interim dividend is raised from 2.662p net to 4p to reduce disparity, but the Board stresses that this does not mean it will be possible to increase the total ordinary dividends for the year by more than the permitted 10 per cent. Last year's total was 8.81p net.

Tax takes £2.8m, against £2.44m, and attributable profit goes up from £2.07m to £2.24m.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Wheeler's Rstrants.	int.	1.55	Jan. 22	1.41*	—	4.25*
Akroyd and Smithers	...	11.75	Feb. 2	11.75	16.75	16.75
Allied Leather	int.	1.31	Dec. 11	1.36	—	3.8
Anderson Strathclyde	int.	1	Feb. 5	0.83*	—	2.36*
Anglo American Corp.	...	14¶¶	Jan. 12	8.25	—	20.23
Brockhouse		2.25	Feb. 16	2.02	4.05	3.62
Brunning	int.	1.51	Jan. 12	1.49	—	3.8
Capital and Counties	int.	0.7	Jan. 2	0.5	—§§	1.7
Chesterfield Props.	int.	2p	Dec. 29	1.73	—	4.05
Dartmouth Invest.	int.	0.6†	Jan. 5	0.41	—	0.81
Derritron	int.	0.55	Feb. 1	0.5	—	0.77
Alfred Dunhill	int.	4**	Jan. 12	2.662	—	8.81
R. A. Dyson	int.	Nil	—	0.78	—	2.1
Elliott Peterborough	int.	0.25	Jan. 23	Nil	—	0.25
Extel	int.	2.02	Jan. 4	1.8	—	(b)4.48
M. J. Gleeson		1.3	Feb. 1	1.18	2.03	1.84
Hay's Wharf		2.56	Jan. 26	3.53	5.53	4.95
Hellenic and Gen.	int.	3.33	—	Nil	—	Nil
Amos Hinton	int.	1.6	Jan. 16	1.44	—	2.86‡
French Kier	int.	0.83	Dec 29	0.75	—	1.75
Leigh Interests	int.	1.45	—	1.3	—	3.63
Thos. Locker	int.	0.24	Jan. 2	0.24	—	0.87¶
Pauls and Whites	int.	1.75	Jan. 10	1.5	—	4.33††
Powell Duffryn	int.	3.9	Jan. 12	3.5	—	10
Redland	int.	2.35	Jan. 15	2.09	—	4.22
Renold	int.	2.7	Jan. 31	2.6	—	¶¶9.54
Rothmans Intl.	int.	0.8	Jan. 25	0.73	—	2.06
Scottish Inv. Tst.		1.9	Feb. 6	1.66	3	2.56
Stocklake		2.12	Dec 21	1.82	2.87	2.37
Tunnel Holdings	int.	4	Jan. 29	3.35	—	11.09a
Triplex Foundries	int.	1.76	Jan. 27	1.57	—	4.68
J. O. Walker	int.	1	Jan. 2	0.89	—	3.31

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital *increased by rights and/or acquisition issues.* ‡ *Additional supplementary final of 0.02182p.* § Special dividend of 0.3403p for tax adjustment. ¶ Additional 0.075p for 1977-78. Additional 0.09173p for tax change. ** To reduce disparity. †† Includes supplementary 0.042p now payable. §§ 2.1105p forecast. ¶¶ Cents throughout. ‖ Includes additional 0.1036. a Includes additional 0.1155p. b Includes additional 0.06.

Tunnel Holdings rise

THE PROSPECTS for **Tunnel Holdings** are promising, say the directors. At the halfway stage to September 24, 1978, the group pushed up pre-tax profits from £2.98m to £3.54m on turnover ahead from £29.34m to £33.32m.

But the directors add that in the short term the improving profit trend will be affected by the increased gas price until coal conversion is completed at the *Pitstone plant.*

Two major kilns are being converted to coal firing but the three oldest and smallest kilns will be closed down at the end of April 1979 because conversion is uneconomic. This will involve redundancies.

The associates results were mainly affected by difficult sales conditions within Cyprus Asbestos Mines, but these are improving. Further progress at Ribblesdale, UK cement manufacturer, were temporarily impeded by a production failure.

On the waste management side *the Stablex companies continue* satisfactorily, and the Thurrock Waste Management Centre, opened in July, is fully operational. Development work is going ahead to set up waste management plant in the U.S. and Europe.

The group's 60 per cent interest in Compo-Cem, which makes glass re-inforced cement sheeting products, has been sold to Pilkington Bros.

Since the end of the half year the outstanding debenture stock has been repaid, giving an exceptional credit of about £145,000. The final stage of the compensation agreement following nationalisation of Sudan Portland Cement in 1970 has been completed and will provide about £855,000 extraordinary benefit.

The interim dividend is raised from 3.35p to 4p and there is to be an additional dividend of 0.1155p for 1977-78 following the tax changes. Last year dividends totalled 10.97p net on profits of £6.5m.

	26 weeks 1978 £000	1977 £000
Turnover	33,319	29,345
Depreciation	832	823
Trading profit	1,794	1,253
Associates	1,053	1,265
Investment income	26	105
Interest	612	500
Debenture interest	61	63
Exceptional items	58	6
Profit before tax	3,537	2,986
Tax	1,670	1,343
Net profit	1,867	1,643
Exchange loss	40	*49
Minorities	12	7
Extraordinary items	—	786
Attributable	1,815	2,406
Depreciation	887	823

* Profit.

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NCC loss in first half

A PRE-TAX loss of £90,000 was turned in by National Carbonising Company in the half year to September 30, 1978. Last time the group made a pre-tax profit of £22,000. Turnover was up from £14.29m to £17.18m.

Mr. Michael Gaze, chairman, says it is a period of consolidation and an adequate profit is not expected until the re-organisation of trading activities has been completed. Last year the group made a pre-tax loss of £116,000.

The carbonising division made a small loss, but the domestic market share has risen slightly in spite of a 9 per cent turndown in the market.

NCC, Rexco and Scottish Rexco have been grouped into one carbonising division to make management of the smokeless fuel operations more effective.

Improved plant yield, mix and cost performances have helped to offset adverse factors, and a new market in Venezuela has enabled the division to produce on a more balanced basis.

The engineering division made a loss. NCC Engineers and AOT Constructors have been merged, giving a more streamlined management while retaining all production facilities.

AOT Flowmeters' sales force has been substantially strengthened at home and overseas. Automatic Oil Tools Systems is to supply a metering station for the Buchan field semi-submersible platform.

But the commercial vehicle division pushed up turnover from £5.4m to £8.2m and trading profit was 66 per cent higher, says Mr. Gaze. This was achieved in a market where there was considerable over-capacity.

E. W. Harrison Engineers has obtained a Colt car franchise in the division's first venture into the car market.

Carrock Fell Mining Company has acquired a 51.25 per cent stake in a joint project to mine tungsten ore.

The group disposed of its holding in Ranger Oil (Canada) making a profit of £137,000. It retains 3,800,000 shares in London and Scottish Marine Oil Company.

	Half-year 1978 £000	1977 £000
Turnover	17,177	14,296
Commercial vehicles	8,205	5,754
Carbonising	7,049	6,304
Engineering	1,924	2,119
Discontinued businesses	—	509
Trading profit (loss)	*[illegible]	235
Profit share sales	†137	—
Interest payable	159	213
Profit (loss) before tax	*90	22
Tax relief (payable)	77	††11
Profit (loss) after tax	*13	11
Minorities	24	6
Extraordinary profits	—	189
Attributable	*37	194
Reserves	‡77	194

* Loss. † Sale of Ranger Oil (Canada) shares. ‡ Decrease. †† Payable.

comment

National Carbonising continued to test investors' patience in the first half of 1978-79. Group revenue, helped by strong growth from the commercial vehicle activities, was well ahead of last year but, stripping out the profits from the sale of its Ranger Oil (Canada) shares, there was a £227,000 loss compared with a £22,000 profit a year ago. A small positive figure is likely for the full year but no decision will be made on dividends until well into 1979. The balance sheet is in good shape with borrowings of around £2m against shareholders' funds of £7½m. So there is some potential for expansion. The share price was around 46p yesterday but, the LASMO interest is worth 40p a share on current prices. It is interesting to note that while LASMO's price has been drifting downwards recently, NCC has edged upwards.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Anglo-Swiss, Arthur Holden, Rediffusion, Rivington Reed, Robertson Foods, W G I.

Final—Stag Line.

FUTURE DATES

Interims—	
Streeters of Godalming	Nov. 27
Tecalemit	Nov. 28
Finals—	
Irish Distillers	Dec. 5
Messina (Transvaal) Devpmnt.	†Nov. 30
NSS Newsagents	Dec. 5
Tomkinsons Carpets	Nov. 30

† Amended.

Post acquisition profits bolster Rothmans midway

INCLUDING £7.49m post-acquisition profits of Rothmans of Pall Mall Canada, pre-tax profits of Rothmans International improved £6.04m to £44.03m in the six months to September 30, 1978.

The net interim dividend is raised from 0.73p to 0.8p per 12½p "B" ordinary share. Last year's total payment was 2.0566p from profits of £80.6m.

The results of Rothmans of Pall Mall Canada included are for the period from June 20, 1978, the effective date from which the relevant interests were acquired. The net profit from this source was £2.53m after tax and minority interests, on a turnover of £100.29m.

The directors report that cigarette sales by member companies and associates exceeded the volume achieved in the comparable period last year by a satisfactory margin. In particular, strong growth continued in the UK, France and Australia. A steady recovery was made in West Germany and while industry sales in the Benelux markets declined overall, the group increased its market share and enhanced its position.

Exports from the UK and other European sources again showed further improvement.

Despite volume increases margins were under pressure in certain areas, particularly in West Germany following an increase in the rate of VAT in January, 1978, which was not passed on to consumers. Exchange rate movements also had some unfavourable effects on export earnings.

For the period under review Rothmans of Pall Mall Canada reported an increase of 8.1 per cent in consolidated earnings reflecting a 40.7 per cent increase from its share of earnings from continuing brewing operations but slightly lower earnings from tobacco operations.

	Six months 1978 £m	1977 £m	Year 1977-78 £m
Turnover*	1,052.73	555.07	1,300.22
Trading profit	47.50	41.68	87.56
Share of associates	3.81	3.27	7.41
Int. on conv. bonds	7.28	6.90	14.27
Profit before tax	44.03	37.99	80.60
UK tax	2.45	1.40	4.20
Overseas tax	17.86	15.78	30.66
Profit after tax	23.72	17.77	40.65
Minority profits	6.28	3.34	3.60
Attributable	17.44	14.41	25.05

*Includes tobacco duties, End Product Tax and all other state taxes where applicable but excludes VAT. Fluctuations in turnover are influenced by changing duties and taxes in the various countries where the group carries on business and accordingly do not necessarily reflect the changing volume of business transacted.

See Lex

Hay's Wharf hits peak £4.55m

FOLLOWING VIRTUALLY doubled midway profits of £2.2m against £1.12m, the Proprietors of Hay's Wharf ended the year to September 30, 1978 with pre-tax surplus ahead from £2.03m to a peak £4.55m. Turnover rose some £7.5m to £54.82m.

At halfway, the directors said every opportunity was being taken to exploit growth in trading potential which was becoming increasingly apparent in some divisions, and to realise property investments, where appropriate.

Long-term prospects for profits growth appeared promising, they stated.

After tax of £1.6m (£1.1m) net profits increased from £1.83m to £2.95m, giving stated earnings of 16.87p (10.42p) per £1 share. A final dividend of 3.961p lifts the total payment from 4.948p to 5.525p net.

At the net attributable level, there was a turnround from a £1.9m deficit to a surplus of £2.91m, after charging extraordinary profits including minorities of £0.24m (£1.87m losses) and £0.28m (£1.87m) premiums on acquisition of shares in subsidiaries and goodwill written off.

There was a £1.87m transfer to reserve, compared with a transfer of £2.82m from reserve last time.

The group's freehold and leasehold properties held for investment including land held for redevelopment in Tooley Street were professionally valued on August 31, 1978 at £19.61m and showed a surplus of £6.78m over 1976 figures. This surplus has been transferred direct to group reserves.

Other properties occupied for the purpose of the trading activities of the group have not been revalued.

Derritron sees better second half

Profits before tax of Derritron were down slightly from £312,000 to £300,000 in the first half of 1978, but the directors say the company continues to trade profitably and they are confident second half profits will exceed those now reported.

First half profits include the first six months trading of Servotest while last year's first half results included Technical Indexes which was sold with effect from June 30, 1977.

Earnings per share are shown at 1.15p (1.2p). The interim dividend is raised from 0.5p to 0.55p—the total last year was 0.727p from pre-tax profits of £644,000.

Allied Leather improves in first half

Increased turnover and profits, and a boost from property disposals are reported by Allied Leather Industries for the half year ended June 30, 1978.

Turnover was up from £7.49m to £8.11m, and profits from £336,376 to £466,015. This included £37,128 (£35,050) investment income.

R. A. Dyson slumps to £143,600 loss

A PRE-TAX loss of £143,604 was made by R. A. Dyson and Co. in the first half to September 30, 1978. Last time the company made pre-tax profits of £70,097. Turnover was down from £1.47m to £888,257.

There is no interim dividend (0.7788p net).

The directors say that although the sales volume at the start of the second half was still uneconomical a substantial improvement in the order book during September and October has brightened the outlook.

But because of the relatively long lead time from receipt of an order to completion they do not see the factory operations breaking even until January next year.

Last year the company made pre-tax profits of £41,000 after a poor second half in which the home market became stagnant and export orders slowed down.

Dividends for 1978 totalled 2.1p net.

Tax takes £250,000 (£162,000) and after crediting £162,893 (£5,202) net profit on disposal of properties, the group surplus shows an advance from £179,778 to £398,905.

The interim dividend is pushed up to 1.5075p (1.36125p) per 25p share. Total for 1977 was 3.795p and holders have since received a scrip issue in preference.

Foundries decline at Triplex

A PROFITS drop in the foundries division left Triplex Foundries Group slightly down in the first half to September 30, 1978. Group pre-tax profits were £1.02m, against £1.04m, on turnover up from £15.29m to £17.63m.

Profits of the foundry division fell from £797,090 to £555,271 on turnover ahead from £10.4m to £10.71m. The engineering and industrial services division, which have been regrouped, increased profits.

The interim dividend is 1.76p net (1.575p) representing a 10 per cent increase and the effect of the tax rate change.

Last year the group paid a total of 4.68p from pre-tax profits of £2.82m.

	Half year 1978 £000	1977 £000
Turnover	17,628	15,288
Foundries	10,709	10,405
Engineering*	2,933	2,796
Industrial services*	4,042	2,240
Pre-tax profit	1,020	1,042
Foundries	555	797
Engineering	272	134
Industrial services	243	124
Depreciation on buildings	15	53
Tax‡	425	450
Net profit	595	592
Dividends	152	177
Retained	443	456

* Companies has been regrouped. † Depreciation provided on freehold buildings, based on professional valuation at December 31, 1976, with additions since at cost. ‡ Charge for Corporation Tax, based on SSAP15.

Scottish Investment advances

For the year to October 31, 1978 gross income of Scottish Investment Trust Company improved from £4.45m to £5.36m. Tax took £1.85m compared with £1.63m, gross interest £434,000 against £106,000 and the net balance advanced from £2.4m to £2.76m.

Earnings per 25p share are given at 3.11p (2.67p) and the net final dividend of 1.9p (1.66p) lifts the total payment from 2.36p to 3p, costing £2.54m (£2.17m).

Total assets at market valuation at October 31 were £116.4m (£113.7m), including, where applicable, the full investment currency premium of 36½ per cent (38½ per cent) amounting to £10.5m (£11.1m).

Better second-half pushes Brockhouse over £3.5m

AFTER A rise from £1.03m to £1.21m at midway, a £0.73m jump in second half pre-tax profits pushed Brockhouse from £2.62m to a record £3.54m for the year to September 30, 1978. Sales were better at £69.38m against £60.77m.

A divisional breakdown of 1977-78 sales and trading profits of £4.67m shows respectively: *steel £11.32m and £0.42m, general* engineering £11.22m and £0.97m, handling and process plant £15.63m and £1.18m, castings and forgings £19.23m and £1.52m, and overseas £12.61m and £0.57m. Inter-divisional sales accounted for £0.81m.

The directors report that in the UK CLASP building activities were down in line with public spending cuts and were closed at the end of September. The steel division result was down due to world over-supply and cheap imports.

	1977-78 £000	1976-77 £000
Sales	[illegible]	60,772
Profit before tax	**3,541**	**2,615**
UK tax	843	[illegible]
Overseas tax	117	[illegible]
UK prior adjustments	19	[illegible]
Net profit	2,600	2,507
Exchange losses	243	117
Extraordinary debits	*151	†201
Available	2,206	2,791
Dividends	727	647
Retained	1,481	1,946

[illegible] Comprises unrealised exchange differences arising on net current assets and other foreign currency balances in accordance with latest accountancy recommendations. [illegible] Cost of closing subsidiary in Clydebank less attributable tax of [illegible]. † Credits—comprises [illegible] loss on closure and sale of factory in France [illegible] transfer from general capital reserve of [illegible] and [illegible] profit on sale of factory in UK, less removal costs and tax of £17,000.

The group's South African companies performed better than last year, but its major activity in *rolled-formed products* was satisfactorily sold subsequent to the year-end.

After heavier tax of £0.94m (£0.11m) net profits were £2.6m against £2.51m. Stated earnings improved from 14.72p to 15.1p per 25p *share* and the dividend total is lifted to 4.0463p (3.6236p) net, with a 2.2463p final.

Exchange losses took £0.24m (£0.12m) and extraordinary debits, £0.15m (£0.2m credits), leaving available profits down from £2.59m to £2.21m. Retained balance emerged at £1.48m (£1.95m).

● comment

Results over the years at **Brockhouse** reveal a distinctly patchy *past but these figures could mark* a significent step forward. Taxable profits are up by more than a third on sales 14 per cent better and the improved margins reflect the fruits of new plant and tighter controls. In particular, the group is doubtless glad to shed the loss-making Clydebank subsidiary, following the costly French venture. Reorganisation makes comparison difficult though profits from the unaltered steel division are about £0.3m lower. Elsewhere, the outcome is much healthier and orders at Redler, the important process plant company, are currently unchanged at £10m, despite the completion of a big Iranian contract. The outlook in engineering is also better and with a wider spread of customers, demand has apparently picked up. Castings and forgings are now less dependent on the motor industry and despite a small loss in South Africa overseas profits have also increased. Brockhouse has recently tightened its belt but the company is now making noises about adding to its *engineering interests.* With gearing still about 33 per cent and capital spending comfortably covered by cash flow, there are few financial worries but the group's markets are still not exciting. At 64p the shares are *on a p/e of just over four and a* yield of 9.7 per cent.

Stocklake down at £1.28m

AFTER AN exchange loss of *£41,000 against a £65,000 surplus* previously, profits before tax of **Stocklake Holdings** were £1.28m for the year ended March 31, 1978 compared with £1.45m in 1976-77.

Earnings per share are shown at 14.3p against 19.7p and the final dividend is 2.11753p making a total of 2.86753p against 2.58655p.

The directors still consider it would be misleading to include the results of British Rhodesian Steel and all figures exclude this subsidiary.

Results of the associate, Northern Shipbuilding and Industrial Holdings include only the dividends receivable from a subsidiary, Hall Russell and Company while until last year the profits of this subsidiary were consolidated.

	Year 1977 £000	1976 £000
Turnover	[illegible]	[illegible]
Stocklake profit	1,230	1,341
Associate share	46	109
Profit before tax	**1,276**	**1,449**
Tax	661	622
Net profit	615	826
Minorities	11	3
Attributable	602	539
Dividends	121	109
Retained	481	721

● CEDAR TAKEOVER

Institutions call the tune

BY WILLIAM HALL

This morning long suffering shareholders in Cedar Holdings will assemble for what will probably be their last annual meeting. In the good old days when the company was capitalised at £50m plus, the meetings used to be held in the plush surroundings of the Dorchester Hotel but these days shareholders have to put up with the Chartered Insurance Institute. Nevertheless, that should not deter small shareholders from turning up and havinb a short post mortem with the institutions involved before the company finally disappears into the arms of Lloyds and Scottish.

As a case study in institutional involvement, Cedar does not make happy reading. The company was set up in 1958 to exploit the growing second mortgage business. Cedar would lend money to individuals and take a second mortgage on the client's house as security. However, the business did not really start to take off until 1965 when the pension funds of Unilever, the Electricity Supply Industry, the National Coal Board and the Phoenix Assurance arrived on the scene and *injected substantial long*-term funds into Cedar.

In 1966 Cedar made just £18,000, the next year this had jumped to £30,000 and by 1970 Cedar was making £0.5m. In January 1971 Cedar was ready for flotation and was brought to the market by Cazenove and Co. and Barclays Bank Trust Company. By then the three pension funds owned a third of the equity and Phoenix owned another 8.2 per cent.

Initially all went well. Between 1971 and 1973 Cedar's pre-tax *profits more than doubled* to £1.9m, and its balance sheet size jumped from £18.4m to £127.8m. It moved into property lending and started building a luxurious new head office across the road from Buckingham Palace. Overseas it began operating in Israel, Holland and North America where it applied for permission to buy *a stake in the Chester National* Bank of New York.

To finance its growth Cedar relied on its loyal institutional shareholders for tranches of convertible subordinated unsecured loan stock, made increasing use of the wholesale money markets and wooed depositors with offers of free colour television sets. After some initial scepticism the stock market radically revised its opinion of Cedar shares and at one point they traded around 90p where they were selling on a *multiple of 38 times earnings.*

However, all good things come to an end. After the collapse of London and County Securities and the onset of the secondary banking crisis, Cedar's deposit base evaporated and the company was faced with bankruptcy. The shares were suspended at 12p a few days before Christmas in 1973 (less than three years after flotation) and although Cedar's four institutional backers by then only held around a fifth of the equity, they were forced to come *to the rescue.*

The story since then has been well documented. With the help of Barclays Bank, the four institutions involved provided Cedar with financial support which at one time amounted to £56.5m and started salvaging what they could. Cedar's *sizeable* property portfolio was carved up among the institutions and the company abandoned its over ambitious overseas operations. The management was reshuffled and the company went through a harrowing financial reconstruction which meant that an ordinary shareholder owning 100 shares prior to the disaster was left with effectively four shares. To put this in perspective an investment of £90 in Cedar in 1973 (at 90p per share) is now worth just over £1, following Lloyds and Scottish's offer.

In July, 1975, Cedar began lending money once again (after a *gap of 18 months*), although the institutions had the right to require immediate repayment of their support funds whenever they wished. Initially, Cedar's new lending was limited to £25,000 per week, but this has gradually been allowed to build up and is now running at around *£200,000* per week. Meanwhile, the steady disposal of Cedar's property portfolio has continued so that its reliance on support funds has virtually ceased, and against a pre-tax loss of £5.2m in 1973-74 Cedar has been able to make a profit of £0.9m in its last financial year.

The spirits of the small shareholders in Cedar have always been buoyed up by the hope that one day the shares would be officially requoted. Indeed, the chairman on more than one occasion has publicly stated that this was his intention. In March, 1977, the Stock Exchange gave permission for dealings to start again under rule 163 (2) but plans for a full relisting have been blocked because the company first needed *another capital reconstruction.* Some of the institutional shareholders holding the preference shares (redeemable at par in 1985) were not at all happy at the prospect of converting them into equity, which would have been necessary if the company was to be viable over the long term. Indeed it could be argued that Cedar has only been kept afloat so that the institutions could wind up their support operation as effectively as possible.

After their unhappy experiences in *1973-74 the institutions can be forgiven* for wanting to withdraw and they can naturally argue that whereas small shareholders would have received nothing if the company had been wound up then, they have at least received something now.

GLEESON

CIVIL ENGINEERING & BUILDING CONTRACTORS

The Directors of M. J. Gleeson (Contractors) Limited announce the following results for the year ended 30th June 1978:

	1977/78 £	1976/77 £
Turnover	52m	54m
	£000	£000
Pre-tax profit	743	1,430
Taxation (deferred)	380	764
Profit after taxation	363	666
Dividends:		
Interim—paid	75	63
Final—proposed	130	118
	205	181
Earnings per share	3.63p	6.66p

The disappointing profit figures for 1977/78 reflect the fact that the previously reported adverse circumstances affecting motorway contracts have resulted in substantial civil engineering losses. All other Divisions, particularly Estate Development, have performed well, but, as predicted, the bank interest figure included in the profit calculation is much lower at £259,000 (compared with £1,018,000 in 1976/77).

If the present problems arising from the motorway contracts can be resolved, the set-back in Group profits may well prove to be temporary, and with this thought in mind the Board feel justified in recommending the maximum permitted final dividend of 1.3087p which, with the interim of 0.75114p is equivalent to a gross distribution of £306,692, 10% higher than the corresponding figure of £278,812.

A surplus of £2,157,000 arising on professional valuation of the Group's completed properties held as fixed assets at 30th June 1978 has been added to reserves.

Having regard to the Group's satisfactory order book, current levels of turnover should be maintained during the year ending 30th June 1979. It is not practicable, however, to make a profit forecast in view of the difficult motorway contracts currently in hand, nevertheless the Board is confident that every effort will be made *to overcome present problems* in the Civil Engineering Division leading to an early restoration of the Group's profit prospect based on increasing activities in the private sector at home and abroad.

The Annual General Meeting will be held at Haredon House, North Cheam, on 31st January, 1979, the final dividend being payable immediately thereafter to shareholders on the register at the close of business on 5th January, 1979.

Institutional bid would not surprise Capital and County

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

It would "not be a great surprise" to Mr. Dennis Marler, managing director of **Capital and County Property Company**, if he received an institutional bid for the group.

But the opportunity for a scavanger bid has passed. The degearing period is over and CCPC's resultant £15m cash balances, a tempting bonus on top of the group's now "clean" £74m property portfolio, are now being used to reactivate the group's development and investment programme.

The first steps have recently been taken towards what would be a £30m-plus development in Sutton and Mr. Marler reports two other purchases worth around £5m that are now in the hands of the lawyers, a completed factory, and an office development site, both in London.

A sound balance sheet supporting net assets of 82p a share on a March, 1978, valuation was contemplated by yesterday's news of half year profits before tax of £2.5m. That compares with a pre-tax profit of £3.1m for the whole of 1977-78 and £922,000 in the same period last year.

On the strength of the revenue surplus CCPC promises the maximum permissible increase in dividends under the Treasury's "recovery" rules. The group is allowed to pay the highest dividend paid in any two of the past ten years, which in this case is 2.1105p a share net. An interim payment of 0.7p a share, the half year profits, and the dividend forecast helped the shares up ½p to 60p yesterday.

Hinton down midway—unlikely to match last year's record

PRE-TAX profits of Amos Hinton and Sons fell from a restated £988,000 to £852,000 in the 28 weeks ended September 16, 1978 and the directors say the group will do well to equal last year's *record £1.73m.*

The first half downturn was foreshadowed in the chairman's annual review in July but he hoped the second half would recover any shortfall. However, he now feels the year's results will reflect the effects of the price *war and an anticipated increase in* costs.

Apart from the price war, first half sales and profits suffered from the short term adverse affect of major changes in the group's distribution system. Nevertheless, the net margin has *been maintained at the same level* as the second half of last year.

It is anticipated that the tax charge this year will not exceed 50 per cent. As a result, despite the fall in pre-tax profits, earnings per share are shown to have increased from 8.59p to 10.85p.

The net interim dividend is lifted from 1.4403p to 1.6p and there is an additional payment of 0.02192p in respect of 1977-78—the previous total was 2.8875p.

Mr. David Hinton, the chairman, says that trading conditions remain highly competitive and it is not anticipated that there will be any early change.

However he remains confident that the group's investments and developments will result in real growth in the medium term.

	28 weeks 1978 £000	1977 £000
Sales†	[illegible]	[illegible]
Profit before tax	**852**	***988**
Tax	[illegible]	[illegible]
Net profit	[illegible]	[illegible]
Extraordinary debit	—	109
Interim dividend	[illegible]	79

† Excluding VAT.

*Restated following policy change on property depreciation.

Four of the existing supermarkets are now operating on the new systems, as are new stores. Initial results are encouraging, the chairman says.

The directors have introduced a new delivery system from the distribution centres and branches now receive daily deliveries of *perishable goods* and a three-times-a-week service for grocery goods.

A new store at Chester-le-Street opened in June, 1978 replacing a smaller store. A new store in Sunderland opened in October, 1978 and the group opens in Whitby on November 28, 1978. A 10,000 sq ft store in North Shields opens in February, 1979.

In this development stage the discount stores are not expected to contribute to group profits in the current year.

The acquisitions of Dyers and a *further four off-licences on Tyne*-side means there is now a chain of 23 outlets. To concentrate resources on this retail trade directors have disposed of the interest in the wholesaling of beers, wines and spirits.

BIDS AND DEALS

Plantation Holdings postpones decision on offer

The Board of **Plantation Holdings** has postponed its decision on whether to recommend the bid from **Multi-Purpose Berhad.** The outcome of discussions concerning Brooklands Estate could affect the advice of the Board, says the chairman *Mr. S. W. Livesey in a* letter to shareholders.

Earlier this month the company said that it had been notified of an *official* enquiry regarding a valuation of the estate. This appeared to be a possible preliminary to compulsory acquisition of the estate, which has some tin reserves.

PH now hopes that agreement can be reached with unnamed organisations whereby the tin could be progressively exploited over the next 20 years, while permitting the company to continue *its agricultural operations* on the gradually reducing acreage.

The inquiry, which was started on Wednesday, has been adjourned and the position will be reviewed by the Authority on December 20. Meanwhile, Mr. Livesey promises *that he will write to shareholders* again before the end of next week.

FAIREY SELLS MARINA

Contracts have been exchanged for the sale of **Fairey Holdings'** Hamble Marina for £1,266,500. Fairey announced last week that it intended to sell the marina soon.

Proceeds of the sale will be used by Fairey Marine to develop its boat building operations. The buyer of the marina is Pon Beheer BV.

WAGON FINANCE SALES

Wagon Finance Corporation has now entered into contracts for the sale of three freehold properties which are surplus to requirements. Completion on all is due at the end of January.

Sale proceeds, net, will amount to £1,064,000 in cash. The book values of the properties concerned amount to £1,032,000, and were based on a professional valuation incorporated in the accounts at end-1977. The original cost of these properties amounted to £412,000. Corporation tax on the chargeable gains arising upon the sales is estimated at £100,000 and full provision was made for *this liability in the last published* accounts.

In a full year the loss of income from rents will be £37,000 but this will be more than offset by *reduced depreciation and interest* charges.

PRU SCHEME APPROVED

The proposed scheme for the reorganisation of the **Prudential Assurance Company** has been overwhelmingly approved by shareholders. The company announced that at yesterday's meeting over 99.9 per cent of members present or by proxy accepted the scheme.

A petition is now being presented to the Court for sanctioning of the scheme.

WHITECROFT SEES PROFIT RISE

Whitecroft, the building and engineering supplies group has forecast "a material increase" in its pre-tax profits in its offer for **Randalls Group** sent to shareholders.

The group says that pre-tax profits for the first half will be not less than £2.4m—against £1.8m a year ago—while full-year profits would be materially above the £4.25m earned in the year to March 31, 1978.

Whitecroft's offer for Randalls, the building trades distributor, of one Whitecroft share plus 124p *cash for every two Randalls has* already been accepted by shareholders controlling a 53 per cent stake.

Mr. C. R. Randall, chairman of Randalls Group, said that the provide "a more secure and acquisition by Whitecroft would *profitable trading future*" for the group.

W. E. NORTON

A new leasing company offering facilities for machine tools is to be created. **W. E. Norton (Holdings),** the machine tool group, and Barclays Mercantile Industrial Finance have agreed to found a joint company to be called Norcantile Leasing. Further details will be announced later, said *W. E. Norton yesterday.*

UTD. ENGINEERING PURCHASE

United Engineering Industries, which earlier this year bought Link Electronics (a television *camera manufacturer*) for an initial cash payment of £530,000, has now acquired the privately owned Link Systems in a cash and shares deal worth initially £1.6m.

As with the Link Electronics deal, UEI has agreed to pay a further sum, depending upon Link Systems future profits performance. Link Systems, which manufactures micro-analysis electronic devices, earned pre-tax profits of £364,642 on sales of almost £2m in the year to July 31, 1978.

UEI said yesterday that in the case of Link Systems the maximum further consideration would be no more than £1.35m. In the case of Link Electronics the maximum further consideration would be no more than £300,000.

In the six months to July 31, 1978, UEI pre-tax profits increased from £389,000 to £684,000 *—including a £123,000 first time* contribution from Link Electronics.

RELIANCE KNITWEAR

Reliance Knitwear Group is acquiring **Ultimate Equipment,** manufacturers of tents, sleeping bags and insulated clothing. At December 31, 1977, Ultimate had net assets of £28,100 and in the 15 months to that date had a turnover of £564,184 with profit before tax of £16,063.

The purchase price will be equal to the net asset value of Ultimate on December 31, 1978, plus a further £20,000 for goodwill and will be satisfied by issue of Reliance ordinary shares.

SHARE STAKES

Exploration Co.—Miss Emma W. Parish has attained age of 21 and in terms of trust deeds became absolutely entitled to her share of assets which include 361,337 shares. This completes the distributions under the Parish trusts.

Brownlee and Co.—McLeod Russel and Co bought 20,000 shares on November 15 and 15,000 on November 17 and now holds 330,975 (12.43 per cent).

British Dredging Co.—Ready Mixed Concrete has bought further 5,250 shares making total interest 3,212,259 (27.87 per cent).

El Oro Mining and Exploration Co.—Miss Emma W. Parish attained age of 21 on November 15 and in terms of trust deeds became absolutely entitled to 134,031 shares. This completes the *distributions under the Parish* trusts.

Ellis and McHardy—J. R. Leith, director, was registered as trustee of 3,600 shares on November 20.

Eucalyptus Pulp Mills—Island and South American Merchants has increased its holding by *116,000 shares and now holds* 1,130,422 (30.35 per cent).

Silverthorne Group—Unochrome International has bought further 37,500 shares making holding 2,345,375.

Chaddesley Investments—On November 17 N S (Registrars) transferred the entirety of its holding to beneficiaries on whose behalf it held such shares. The following persons, to whom NS transferred shares, remain interested in 5 per cent or more of Chaddesley shares, L. Sterling and N. Fetterman 300,000; N. Fetterman, J. B. Austin and A Ward 400,000.

Temple Bar Investment Trust—Pearl Assurance Co. is interested in £544,003 ordinary stock.

Batleys of Yorkshire—L. Batley sold 30,000 shares between November 3 and 9.

Royal Worcester—Rothschild Investment Trust has bought 25,000 shares bringing total holding to 1.52m shares (25.3 per cent). RIT also holds £149,000 9 per cent convertible unsecured loan stock.

Talbex Group—P J. de Savary, director, has bought £2,500 11½ per cent convertible redemption unsecured loan stock 1979/83.

Automotive Products—The Emmott Foundation has bought further 21,002 shares. Three directors of Emmott are Messrs. J. B. Emmott, M. Keeble and E. G. Barratt, all directors of Automotive.

Lunuva (Ceylon) Tea and Rubber Estates—Harrisons and Crosfield bought between November 15 and 21 £8,500 stock—interest is increased to 623,081 £1 units (72.98 per cent).

Hoskins and Horton—Consequent upon a further purchase of shares on November 16, Wesleyan and General Assurance Society holds 135,000 shares.

Metalrax (Holdings) — Throgmorton Trust has sold 100,000 shares leaving holding at 761,981 (4.7 per cent) in name of Throgmorton Street nominees.

Wholesale Fittings Co.—Royal London Mutual Insurance Society holds 167,500 shares and its staff pension fund holds 10,000 making total 177,500 (5 per cent).

Inchcape and Co.—Lord Craigmyle, director, notifies that on November 16 a trust in which his immediate family has an interest sold 70,000 shares at 353½p.

Singapore Para Rubber Estates—Kuala Lumpur-Kepong Investments has bought 5,000 shares increasing holding to 171,000 (6.55 per cent).

Pauls and Whites up 28% midway and optimistic

FOR THE six months to September 30, 1978, Pauls and Whites, maltster, and maker of animal feed and flavours, reports pre-tax profits up 28 per cent from £2.63m to £3.37m with all its operating *companies contributing to the* result. Sales were higher at £87.5m against £69.68m.

However, Mr. M. G. Falcon, the chairman, warns that recent events, particularly higher interest rates which principally affect its malting company, may make it *difficult to maintain for the re*mainder of the year the level of profit increase now reported.

Nevertheless, he says, the directors believe full year results will show a satisfactory increase over 1977-78, when profits reached a record £6.25m on sales of *£144.77m.*

First-half profits were struck after interest of £0.53m (£0.43m) and are subject to tax of £1.17m (restated £0.87m). Available earnings increased from £1.72m to £2.16m.

The interim dividend is lifted from 1.5p to 1.75p net per 25p share, costing £0.46m (£0.37m), with a supplementary 0.042p to be paid for 1977-78 following ACT reduction. The directors expect to recommend the maximum permitted final under current regulations—last year's final was 2.79p.

● comment

Pauls and Whites has continued its growth trend with first half profits showing a rise of around a quarter after stripping out the new acquisitions. The results reflect a volume *gain* of about a tenth on the animal feeds side while malt production is edging upwards. This year's good harvest will mean that cereal prices will be lower and the company hopes that this will stimulate demand for animal feeds. However, in the *malting division* margins continue to be squeezed by surplus capacity. So clearly the company is taking a long-term view with the decision to go ahead with the £4.5m malt plant in Scotland. If margins do not improve the company will be forced to rationalisation elsewhere in the group. In the short-term though, higher interest rates will take much of the gloss off this year's results. At 118p the shares yield a prospective 8.1 per cent.

COSTAIN GROUP

The scheme to effect the reorganisation of the Costain group was duly approved at meetings yesterday. The scheme has still to be sanctioned by the Court and, *if so sanctioned,* is expected to become effective on January 2.

I. & J. HYMAN

I. and J. Hyman has acquired **Nu-Luxe Foam Products** for £73,000 cash.

Nu-Luxe is a private foam converting company based in Bury and specialises in the conversion and granulation of foam. As at *November 30, 1977,* Nu-Luxe had net tangible assets of £83,000 and in the year ended November 30, 1977, produced profits before tax of £32,000.

The board of Hyman believes that the activities of Nu-Luxe will complement and strengthen *Hyman's own trading activities in* the Greater Manchester area.

Approval delayed on £80m for Barbican centre

BY PAUL TAYLOR

MEMBERS OF the City of London Common Council yesterday delayed financial approval for the completion of the Barbican Arts and Conference Centre the expected costs of *which have risen from less than* £58m to more than £82m in three years.

The Common Council will discuss on December 14 a report detailing the reasons for this rise in costs, after members have had *more time to study* the report, which was prepared by the Barbican Development Committee.

In November, 1975, the estimated completion cost was £57.98m, and in May, 1976, the Common Council approved expenditure of £55m.

The report said that a combination of factors including higher inflation costs and delayed completion had now pushed the expected total costs up to £82.76m, assuming substantial completion in 1979-80. *As a result the committee* was seeking approval for a revised total expenditure of £80m.

Bradford puts itself on show

A CAMPAIGN to create more jobs and attract new industries has been launched in Bradford.

The campaign, costing £100,000, named the Bradford Experience, will be backed by an incentive package of Government and city grants and loans to induce people to set up factories and businesses. The highlight of the campaign will be an exhibition next October.

Bradford's Chamber of Commerce is hoping to arrange trade missions from abroad to visit the area during the exhibition. Mr. John Longbottom, the exhibition organiser, said it was the most important effort by the city, since the war, to promote itself.

Clothing plant to expand

AN INVESTMENT of £500,000 in *new equipment* by a Yorkshire-based dress manufacturer will guarantee the jobs of nearly 300 workers in the North-east, where unemployment is high.

W. L. Pawson and Son, of Halifax, which has converted *its* factory at Washington, co Durham, into one of Europe's most advanced, is to expand further next year.

Its project to add 6,000 sq ft of factory space will more than double production from 3,200 garments a week to 7,500 and provide more than 20 jobs.

When Pawson took over 13 months ago, the factory had 270 *jobs hanging* in the balance. The company produces almost 350,000 garments annually.

GLC sells 3,000th home

A COPY of the deeds of the 3,000th home to be sold under the Greater London Council's scheme which started last year will be handed to a Thamesmead family today.

Mr. Hugh Rossi, MP, Opposition spokesman on housing, will hand the copy-deeds to Mr. Alan Perrin at 18 Glendale Way, Thamesmead. Mr. Perrin, an electrician, and his wife Caroline have twin seven-year-old daugh*ters and a three-year-old* son. He is buying the three-bedroomed house for £15,970.

THE LEVEL AND DISTRIBUTION OF RATE SUPPORT GRANT

BY PAUL TAYLOR

Local authorities stand divided

Today Mr. Peter Shore, Environment Secretary, will announce details of the Government's contribution to local authority expenditure in the year 1979-80. But that will not end the arguments about the matter.

The announcement of the total amount and distribution of the rate support grant will receive a mixed reception from the local authority associations which agree that the present system has its weaknesses but cannot agree on a viable alternative. The rate support grant settlement will affect not only the level of rate increases next April but also the ability of different local authorities to provide adequate services and their attitude towards pay claims from their employees.

The announcement today will have followed months of negotiations with the local authority associations in the Grants Working Group and the Consultative Council on Local Government Finance on both the level of local government expenditure in 1979-80 and on the size and distribution of the grant.

Overall the Government appears to have accepted a level of local authority expenditure for next year which is about 2.3 per cent higher than the figure used to determine the 1978-79 grant, although because of marginal underspending this year by the local authorities the accepted level for local authority expenditure in 1979-1980 is only about 2 per cent higher than actual spending in 1978-79.

Most of the increase will go on higher interest charges and a bigger revenue contribution to capital spending. The increase of spending other than on these items is forecast to be about 1 per cent. This is rather more than the prediction in the public expenditure White Paper. Most of this difference is accounted for by revised estimates of the likely expenditure on public health and other local environmental services, where, according to the local authority associations, Whitehall has been calling for an unrealistic degree of restraint.

Each year since 1967-68, when the rate support grant was introduced, its level has been fixed as a proportion of relevant expenditure. Relevant expenditure comprises total budgeted expenditure, excluding items met almost entirely from central government funds, such as mandatory student awards, rent rebates and allowances, housing subsidies, consumer advice centres, together with loan charges and capital expenditure met out of revenue. Last year the total relevant expenditure was over £12.5bn at November 1977 prices.

Total grant support comprises specific grants towards particular services such as the police, supplementary grants towards transport and national parks expenditure and the block rate support grant (RSG). Last year the aggregate exchequer grant was set at 61 per cent of relevant expenditure and totalled over £7.6bn of which £6.52bn was rate support grant.

Distribution

It is on the question of the distribution rather than on the level of grant that the majority of criticism of the settlement is expected to arise. The most common and perhaps most justified criticisms of the present system of distribution are that it results in substantial changes in individual authority's grant levels from year to year, that the distribution formulae are very difficult to understand, and that the sheer complexity of the system disguises the fundamentally political nature of the final judgment about which local authorities benefit and which lose from a particular settlement.

Essentially the distribution of rate support grant attempts to deal with two objectives — a redistribution of the cost of providing local authority services, and equalisation of the needs and resources of local authorities by compensating for the differences between the abilities of different local authorities to pay for basic services. It is the success of the present system in meeting these objectives in a fair manner which is questioned by the local authority associations.

Rate support grant distribution is divided into three parts, the needs, resources, and domestic elements. The domestic element in the grant meets the cost to local authorities of giving domestic rate relief. There were substantial increases in the domestic element between 1973-74 and 1974-75 and a further increase in 1975-76. The level of domestic element has remained unchanged since then at 18.5p in the pound of the aggregate rateable value of all the domestic properties in the local authority area in England and 36p in the pound in Wales.

This has led to a situation in which the percentage of the overall grant taken by the domestic element has fallen from 9.3 per cent in 1975/76 to 8.8 per cent in 1978/79. The Association of District Councils argues that the domestic element should now be phased out and replaced either by tax relief for domestic rate payments or a "rates allowance" against tax as suggested by the Association in its evidence to the Layfield Committee on local government finance.

The needs and resources elements in the grant are together designed to enable local authorities to levy similar rate poundages for similar standards of services. The needs element is intended to even out differences between local authorities on what they need to spend because of differences in the demand for, or cost of providing services while the resources element is intended to compensate authorities with low rateable resources per head of population when compared to authorities with high rateable resources. The resources element is a fixed proportion of the combined needs and resources element and since 1975/76 the ratios have been 32.5 per cent resources to 67.5 per cent needs.

The Association of District Councils claims that "these proportions appear to be totally arbitrary" and unrelated to any defined objective. Mr Peter Wain, the Association's finance officer, believes the resources element should be studied in more detail and perhaps turned into a self-financing support system.

It is, however, on the question of the distribution of the needs element in the grant that there is most controversy.

The particular interest of the local authority associations in the needs element arises because of its sheer size, over half of the total rate support grant, and because of the formulae used for distribution.

Needs element

Since 1973-74 the distribution of the needs element to individual local authorities has been determined by the use of complicated statistical formula based on so-called multiple regression analysis. The basic objective of this form of analysis is to utilise actual spending as surrogate for spending "need." Local authorities do not simply receive a grant based on how much they spend—if it were simply the case that the more spent the higher the grant there would be no incentive to control expenditure. Instead the regression analysis seeks to identify characteristics of local authorities which are associated with greater spending need and to base the grant on these characteristics. Therefore following a survey of actual spending "spending need" is determined in relation to social and demographical factors such as the number of school pupils or population sparsity.

There have been objections put forward to this system:

● It is said that there is a major flaw in the theoretical principle that the need to spend is actually related to past expenditure. This, it is claimed, tends to reward high spenders and penalise the thrifty.

● The inclusion, exclusion or weighting of one factor against another introduces non-objective political criteria into the mathematical calculation and can lead to substantial variations in individual grants from year to year.

● The exercise is largely dependent on outdated and possibly inaccurate data from the 1971 Census and alternative statistical sources like Department of Health and Social Security figures are inadequate because they are seldom collected for the same areas covered by local authorities.

● Regression analysis is a complex system, further complicated by special provisions for London, which masks essentially political judgments and remains largely not understood, or misunderstood, by the local authority association's members and by the ratepayer himself.

The district councils believe the system is too complicated and open to manipulation but say that short of a radical re-appraisal of the financing of local government and agreement by all three major local government associations on this basis they can see no alternative.

The metropolitan councils, represented by the Association of Metropolitan Authorities, have in recent years (together with London) benefited most from the existing formula and while admitting the system has its weaknesses do not accept there is a viable alternative.

The counties, represented by the Association of County Councils and traditionally the losers under regression analysis, are alone in calling for an entirely different distribution formula based on the numbers in pre-determined "client groups" which they claim would be more simple.

Mr. Wain, speaking for the district councils, described the regression system as "an open invitation to Government to decide first who should benefit from a particular RSG settlement and then determine which formula to use."

However, neither the districts nor the metropolitan authorities have been willing to accept the counties' alternative distribution formula—or any of the other formulae which have been suggested.

Mr. Wain believes that unless the present distribution system is changed it will soon collapse under the weight of anomalies. But he does accept that unless the three main local authority associations can agree among themselves about an alternative to regression analysis, central government will continue to impose its own ideas and the rate support grant settlement will continue to be a political football.

That is not to say that the local authorities have been without influence in determining grant distribution. Last year the Government introduced a new feature into the settlement—a safety net to "catch" local authorities which stood to lose grant aid worth a 2p rate under the regression formula adopted. This feature is expected to continue this year.

In addition the district councils are expecting to receive an additional bonus when the RSG is announced today. At present the whole of the needs element, including that relating to district council expenditure, primarily on environmental services, is paid to the counties.

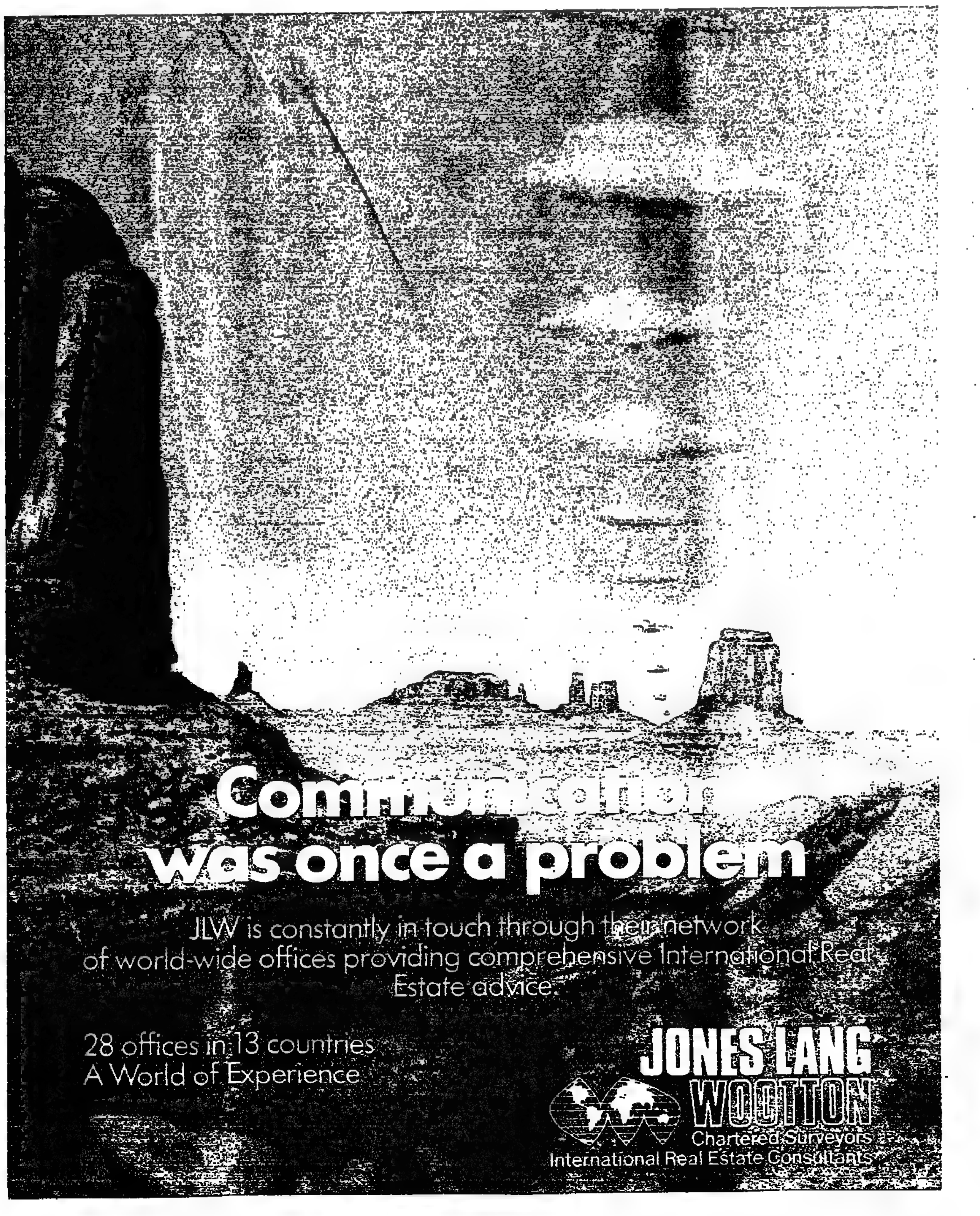
The districts argue that the result of this procedure is that district rates appear to be a greater burden on ratepayers than do county precepts.

Mr. Shore is expected to announce today, after more than 12 months discussion and in spite of the continuing opposition of the counties, that the districts will receive their portion of the needs element directly. The danger is that depending on the formula used for apportioning the needs element to districts, urban districts will tend to benefit at the expense of the more rural areas.

There is however one final figure in the settlement which will have dramatic consequences on the actual levels of rate increases in April. This is the cash limit provision designed to allow the total grant to be increased to take account of subsequent pay and price changes. If, as in previous years, this is set at a figure "in line with Government pay policy" it will effectively determine the level of pay settlements in the local authority sector although the Government is known to believe that local authority balances, said to total £1.3m, could provide extra room for manoeuvre.

It is however the local authorities, and not the Government, which finally determine the level of rate increase. If they feel that the cash limit is insufficient to meet expected inflation, rates could well rise by more than the single figure sum which Mr. Shore is likely to ask for today.

Mr. Peter Wain, of the Association of District Councils



APPOINTMENTS

Chief Executive

London **£25,000 plus**

British controlled manufacturing Group, with a highly impressive growth record, seeks a new Chief Executive to assume autonomous control of its profitable expansion in the future, particularly in overseas markets. Salary will not be less than £25,000 plus matching benefits.

Candidates, probably 37-50, will have risen to general management through the marketing function, or if qualified in another discipline will have a proven record of successful sales negotiations. This highly demanding job requires a combination of powers of leadership, tact and a keen appreciation of industrial practices. There is ample finance available to sustain future growth.

For a fuller job description, write to W.T. Agar, John Courtis & Partners Ltd., Selection Consultants, 78 Wigmore Street, London W1H 9DO, demonstrating your relevance briefly but explicitly and quoting reference FT/2050. Replies will be treated in strict confidence.

JC&P

Director

FINANCE & MANAGEMENT SERVICES

for a company with a household name, part of a very large international group. UK sales embrace consumer and hospital markets. Location South of England.

- A SOPHISTICATED control and information system is well established. There is a divisional marketing structure and multi-plant manufacture. The role carries a distinct prospect of general management responsibility later.
- A PROFESSIONAL accountancy qualification is essential and there is a strong preference for consumer products experience, ideally including some commercial and data processing management.
- AGE: 35-45. Base salary: about £17,500 with good additional benefits.

Write in complete confidence
to A. Longland as adviser to the company.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET LONDON W1N 6DJ
12 CHARLOTTE SQUARE and EDINBURGH EH2 4DN

International Business Development

This appointment is to strengthen the top management team in a company operating internationally in the service industry. Based on West London, the emphasis is at present on UK, parts of Europe and USA. The company, backed by a very large British group, is expanding fast.

- THE TASK is to develop the business over the next decade. This will include initiating joint ventures overseas.
- CREATIVE ABILITY, a flair for identifying new business opportunities and a record of profit achievement are essential. Backed by a good university degree, career progression is likely to have been through marketing and product development up to corporate management level. A post graduate business qualification and experience with Europe and the United States would be an important advantage.
- PREFERRED AGE 35-45. Salary indicator £20,000 – could be more.

Write in complete confidence
to P.A.R. Lindsay as adviser to the company.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET LONDON W1N 6DJ
12 CHARLOTTE SQUARE and EDINBURGH EH2 4DN

Senior Account Executives

c. £6,000

Factoring and its related activities is one of the fastest growing services in the United Kingdom.

Griffin Factors Limited—a subsidiary of Midland Bank Limited—is a leader in this field. Continued growth has created the need for senior account executives.

Experience in factoring is not necessary, but successful candidates should be graduates or have a banking, financial or legal qualification. A minimum of 5 years relevant experience will be a distinct advantage.

Our Head Office in Worthing, Sussex, will be the base for the executive and after comprehensive training he/she will be working largely on his/her own initiative. This will require the ability to review the operations of businesses in differing fields and negotiate successfully at director level with client companies.

The career offered is a challenging one with excellent prospects for promotion. As a member of Midland Bank Group the Company offers first class conditions of service. Assistance with relocation will be given.

Applicants aged between 26-33 are invited to write, giving brief details of career and reasons for applying to:—

Mrs. J. Marshall,
Personnel Manager,
GRIFFIN FACTORS LIMITED,
Griffin House,
21 Farncombe Road, Worthing,
Sussex BN11 2BW.

Griffin Factors Limited
A SUBSIDIARY OF MIDLAND BANK LIMITED

Sime Darby
MALAYSIA

CHIEF ENGINEER (TRAINING)

Sime Darby Plantations has a vacancy for Chief Engineer (Training). The Chief Engineer's main responsibility is the training and development of the Company's Engineers, Craftsmen and Engineering Technicians. The other responsibilities include designing engineering training programmes, identification of training needs, evaluation of training programmes and management of the Company's Engineering Training Centre.

Applicants should have extensive operational experience in:-

- boilers, diesel engines, steam engines, pumping and hydraulic equipment.
- all types of workshop machinery
- preventive and planned maintenance systems.

Formal engineering qualifications in mechanical or marine engineering is desirable but not essential. Applicants however should possess first Class Steam Certificate and sufficient practical experience and knowledge so as to be able to instruct and train others.

The successful applicant will be appointed initially for three years. An attractive starting salary which is negotiable will be offered. Fringe benefits include free accommodation, annual leave passages, participation in the Company's provident fund, medical and life insurance schemes and education subsidy for children.

Sime Darby Plantations is one of the world's largest rubber, oil palm and cocoa plantations groups. The Company operates several palm oil mills and processing plants with large engineering facilities.

If you are looking for a challenging and rewarding career with a group that takes pride in being a leader in South East Asia then write to us today with details of your qualifications and experience.

All applications should be addressed to:-

The Director of Manpower,
Sime Darby Plantations Berhad,
P.O. Box 157,
Kuala Lumpur 01-02,
MALAYSIA.

Preliminary interviews will be arranged in London in early 1979.

Major U.S. Financial Institution Seeks

EUROPEAN PUBLIC RELATIONS DIRECTOR

Should have several years' prior experience in corporate public relations as well as economic and financial knowledge. Writing ability an asset.

Good English a necessity and other European languages desirable. Should have solid international experience, be willing to travel and able to work with many nationalities in different situations.

Location: London or Brussels.

Send curriculum vitae and salary history to
Box F.1066, Financial Times,
10, Cannon Street, EC4P 4BY.

Major U.S. Financial Institution Seeks

EUROPEAN PUBLIC RELATIONS DIRECTOR

Should have several years' prior experience in corporate public relations as well as economic and financial knowledge. Writing ability an asset.

Good English a necessity and other European languages desirable. Should have solid international experience, be willing to travel and able to work with many nationalities in different situations.

Location : London or Brussels.

Send curriculum vitae and salary to:
Box A6554, Financial Times
10 Cannon Street, EC4P 4BY

J. DAVY

GENERAL MANAGER/
DIRECTOR DESIGNATE

J. DAVY (BASINGSTOKE) LIMITED

Large Vauxhall / Bedford / Opel dealership requires a General Manager of proven experience who is already earning in excess of £12,000 per annum and is capable of earning appreciably more, to expand one of the most modern, well-equipped dealerships in the UK on a profit-sharing basis.

The candidate will be in the 35/45 age group and should have 5 years' senior financial experience in the motor industry and possess an intricate knowledge of the marketing of Sales, Parts and Service operations and be capable of reaching Group Board level.

The Group Policy is to give a high-quality service to the public and job satisfaction to all personnel.

Apply in confidence to:
The Secretary,
J. Davy Ltd.,
9, Logan Place,
Kensington W8 6QW.

J. DAVY

CHRISTIAN AID SEEKS a Qualified Deputy Accountant. Duties include preparation of budget, expenditure control, preparation of management accounts and annual accounts. Responsible to Chief Accountant. Salary approximately £5,500 (including London allowance), additional generous children's allowances, LVs, good holidays. Offices at Brixton. Please apply with CV for job description to the Administrative Office, PO Box No. 1, London SW9 8BH marked personal and confidential.

R. P. MARTIN & CO.

Limited

International Money Brokers

are seeking

EXPERIENCED DOLLAR DEPOSIT DEALERS

Reply to:

Personnel Manager

36/40 Coleman Street, London EC2R 5AN

ART GALLERIES

AGNEW GALLERY, 43 Old Bond St., W 1 01-629 6176. DRAWINGS FOR CHRISTMAS PRESENTS Until 22 Dec. Mon.-Fri. 9 30-5.30. Thurs. until 7

AGNEW GALLERIES, 43, Old Bond St., W.1. 01-629 6176 DUTCH AND FLEMISH PICTURES FROM SCOTTISH COLLECTIONS. A loan exhibition in aid of the National Trust for Scotland Until 8 December. Entrance fee 80p And FRAGONARD DRAWINGS for Orlando Furioso Until 15 December Mon.-Fri. 9 30-5.30. Thurs. until 7

COLNAGHI, 14, Old Bond Street, London, W 1. 01-491 7408. PICTURES FROM THE GRAND TOUR 14 Nov-16 Dec Mon -Fri 10 00-6 00. Sats. 10 00-1 00

DAVID CARRITT LIMITED, 15 Duke Street, St James's S.W.1. SEURAT Paintings and Drawings. Until 15 December. Mon -Fri 10.00-5.00.

GOLDSMITHS HALL, Foster Lane, E.C.2 TOUCHING GOLD AND SILVER. 500 years of Hallmarks Until Nov. 30th Free 10 30-5.30 daily, not Sunday.

MAAS GALLERY Exhibition of watercolours, drawings and oils by JOHN WARD, R.A., at 15a, Clifford Street, New Bond Street, W 1. Mon -Fri., 10.00 5.00 Until November 24th.

ST. PAUL'S GALLERY, 5 Ave Maria Lane, E C 4 (off Ludgate Hill) 01-248 5359 Oil and Watercolour Paintings, Sculpture, Framed and Unframed Fine Art Reproductions Including Signed Limited Edition Prints. Open 9 00-5.00. Mon.-Fri.

THACKERAY GALLERY, 18 Thackeray St., Kensington Square, W 8 01-937 5883 JACQUES KUPFERMANN. Until 24 Nov.

MALL GALLERIES, The Mall, SW1. Royal Miniature Society. 80th Ann. Exhbn. Mon.-Fri 10.00-5 00. Sats. 10.00-1 00 Until 1.00 p.m. 9 Dec. Adm. 20p.

BROWSE & DARBY, 19, Cork St., W 1. John Selway—Circus Pictures. Norman Adams—Flower Pictures.

LEGAL NOTICES

COMPANIA DE ELECTRICIDAD DE LA PROVINCIA DE BUENOS AIRES, LIMITED
(In Voluntary Liquidation)
8% NON CUMULATIVE PRE-PREFERENCE SHARES OF £1 EACH
8% NON CUMULATIVE PARTICIPATING PREFERENCE SHARES OF £1 EACH
ORDINARY SHARES OF £2 EACH
ORDINARY SHARES OF 5p EACH
BEARER SHARE WARRANTS REPRESENTING ORDINARY SHARES OF £2 EACH
BEARER SHARE WARRANT REPRESENTING PARTICIPATING PREFERENCE SHARES OF £1 EACH
BEARER BONDS REPRESENTING 5% FIRST MORTGAGE GOLD BONDS

Holders of any of the above-mentioned shares, bonds or coupons relating thereto should TAKE NOTICE that by Judgement of Mr Justice Slade of the Chancery Division of the High Court of Justice in England dated 8th February 1978, and made in an Action in the matter of Compania de Electricidad de la Provincia de Buenos Aires, Limited and The Companies Act 1948 it was decided that each of the above listed holders of shares or bonds in the above named company should be treated as creditors thereof.

Accordingly any holder or past holder of any of the above-mentioned shares, bonds or coupons who wishes to make a claim in the liquidation in respect of payment of any capital, dividend, interest or other distribution by the above-named company MUST claim his/her entitlement on or before 31st December, 1978 by notifying Binder Hamlyn, 8, St. Bride Street, London EC4A 4DA, with written particulars of his/her full names and addresses, the name and address of his/her solicitor (if any) and full particulars of the claim being made. In default of said notification on or before 31st December, 1978, all holders and former holders of any of the above-mentioned shares, bonds or coupons will be excluded from the benefit of any further distribution in the liquidation.

Dated 24th November, 1978.

F. N. HOOGEWERF,
K. U. SANNE,
Joint Liquidators.

NOTE This Notice should be ignored by any holder or former holder of the above-mentioned securities who has already submitted particulars of his claim to Binder Hamlyn and has received an acknowledgement thereof.

COMPANY NOTICES

BRAZILIAN INVESTMENTS S.A. SOCIEDADE DE INVESTIMENTO—DECRETO LEI No. 1401

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the fourth Annual General Meeting of the shareholders of BRAZILIAN INVESTMENTS S.A.—SOCIEDADE DE INVESTIMENTO, DECRETO LEI No. 1401, will be held at Avenida Rio Branco no. 138, 8th floor, Rio de Janeiro Brazil on Wednesday 29th November, 1978, at 2.30 p.m. for the following purposes.

1. To receive and consider the Directors' Report and Accounts for the Company and the independent auditors' opinion thereon, for the year ended 30th September, 1978.
2. To declare a final dividend of 78 per cent on those shares of the Company in issue throughout the year and a "pro-rata temporis" dividend on those issued on 13th July, 1978;
3. To elect Henri Deegenaar to the Advisory Council and to re-elect the members of the Advisory Council
4. To re-elect the members of the Administrative Council;
5. To establish the remuneration of the Advisory Council.
6. To establish the remuneration of the Administrative Council
7. To establish the remuneration of the Board of Directors
8. To authorize the Directors to establish the remuneration of the Auditors;
9. To discuss other business

By Order of the Board
Sergio Coutinho de Menezes
President of the Administrative Council

Rio de Janeiro, 8th November, 1978.

Holders of International Depositary Receipts (IDR's) issued by Morgan Guaranty Trust Company of New York who wish to have the underlying Brazilian Investments shares voted at the above meeting must deposit their IDR's not later than November 24, 1978 at any of the paying agents listed below

Morgan Guaranty Trust Company of New York, in Brussels—Avenue des Arts 35 1040 Brussels; New York—23 Wall Street, New York, N.Y. 10015; London—33 Lombard Street, London EC3P 3BH together with instructions indicating the way the shares be voted or allowing Morgan Guaranty Trust Company of New York to give a discretionary proxy to a person designated by the Company.

The Report and Accounts for the year ended 30th September, 1978 are available on request at the offices of the above paying agents.

BRAZILIAN INVESTMENTS S.A. SOCIEDADE DE INVESTIMENTO—DECRETO LEI No. 1401

NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of BRAZILIAN INVESTMENTS S.A.—*SOCIEDADE DE INVESTIMENTO*, DECRETO LEI No. 1401, will be held at Avenida Rio Branco no. 138, 8th floor Rio de Janeiro Brazil on Wednesday, 29th November, 1978 at 3.00 p.m. to consider and, if thought fit, pass the following resolutions

Resolution 1:

THAT the following paragraphs be inserted in Article 22, Chapter IV of the Articles of Incorporation of the Company

"Paragraph 1—In the case of vacancy or temporary absence among the members of the Administrative Council a substitute will be named by the existing members on the understanding that the position will be definitely filled at the next Annual General Meeting."

"Paragraph 2—The Administrative Council will normally meet every 6 (six) months but an Extraordinary General Meeting may be called by the President or by 1/3 (one third) of the members. The meeting will be presided over by the President who will select one of the members to act as Secretary."

Resolution 2:
THAT Article 23, item g, Chapter IV of the Articles of Incorporation of the Company, be deleted and that the *following wording be substituted* therefor:

"g)—to pass opinion on proposals by the Directors as to the distribution of interim dividends and payment of bonuses with reference to accumulated profits or profit reserves existing at the previous half yearly balance sheet date."

Resolution 3:
THAT the following paragraph be inserted *in Article 24, Chapter V of the* Articles of Incorporation of the Company:

"Sole Paragraph—The President of the Advisory Council will be elected by the other *members.*"

By Order of the Board
Sergio Coutinho de Menezes
President of the Administrative Council

Rio de Janeiro.
8th November, 1978

The above amendments to the Articles of Incorporation of the Company have been requested by Banco Central do Brasil.

Holders of International Depositary Receipts (IDR's) issued by Morgan Guaranty Trust Company of New York who wish to have the underlying Brazilian Investments shares voted at the above meeting must deposit their *IDR's not later than November 24,* 1978 at any of the paying agents listed below:

Morgan Guaranty Trust Company of New York, in Brussels—Avenue des Arts 35, 1040 Brussels; New York—23 Wall Street, New York, N.Y. 10015; London—33 Lombard Street, London EC3P 3BH together with instructions indicating the way the shares be voted or allowing Morgan *Guaranty Trust Company of New York* to give a discretionary proxy to a person designated by the Company.

NOTICE TO HOLDERS OF BEARER DEPOSITARY RECEIPTS (BDRs) IN COMMON STOCK OF HITACHI, LTD.

We are pleased to confirm that copies of the Annual Report as at March 31, 1978 and 1977 of Hitachi, Ltd and Consolidated Subsidiaries are now available to BDR Holders upon application to the following conversion agents:

Citibank Branches in
Amsterdam Frankfurt
Brussels Milan
Paris

and at.

Banque Internationale à Luxembourg S.A.
Luxembourg.

ESSI office,
Citibank N A
London Depositary.

November, 1978.

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
(Incorporated in the Republic of South Africa)

DIVIDEND No. 99 ON PREFERRED STOCK

Dividend No. 99 of three per cent for the six months ending December 31, 1978 has been declared payable on February 2, 1979 to holders of the six per cent cumulative preferred stock who are registered in the books of the Corporation at the close of business on December 29, 1978, and to persons presenting coupon No. 100 detached from stock warrants to bearer. A notice regarding payment of this dividend, upon presentation of coupon no 100 detached from stock warrants to bearer, will be published in the Press by the London Secretary of the Corporation on or about January 5, 1979.

The stock transfer registers and registers of stockholders will be closed from December 30, 1978 to January 12, 1979, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about February 1, 1979. Registered stockholders paid from the United Kingdom will receive the United Kingdom currency equivalent on January 23, 1979 of the rand value of their dividends (less appropriate taxes). Any such stockholders may, however, elect to be paid in South African currency, provided that the request is received at the offices of the Corporation's transfer secretaries on or before December 29, 1978.

The effective rate of non-resident shareholders' tax is 11.0583 per cent.

The dividend is payable subject to conditions which can be inspected at the head and London offices of the Corporation and at the offices of the Corporation's transfer secretaries, Consolidated Share Registrars Limited, 62 Marshall Street, Johannesburg 2001, and Charter Consolidated Limited, Charter House, Park Street, Ashford, Kent TN24 8EQ.

By Order of the Board
J. T. Goldfinch
Managing Secretary

Head Office:
44 Main Street
Johannesburg 2001

London Office:
40 Holborn Viaduct
EC1P 1AJ

November 24, 1978.

SOCIETE NATIONALE DES CHEMINS DE FER FRANCAIS
S.N.C.F.
7¼% 1971/1986 UA 15,000,000

NOTICE IS HEREBY GIVEN to bondholders of the above loan that, in accordance with the terms and conditions of the loan, S.N.C.F. will reimburse on March 25, 1979 all outstanding bonds, i.e. UA 10,700,000 as follows:

(a) the normal annual instalment of UA 900,000 due March 25, 1979 will be effected pursuant to paragraph "Amortissement" of the terms and conditions of the loan;

(b) the amount outstanding, i.e. UA 9,800,000, will be subject to reimbursement in anticipation on March 25 1979 at 101.75% of the nominal amount, or, alternatively, will be purchased privately or on the market.

Trustee
FINIMTRUST S.A.

Luxembourg
November 24, 1978

EUROPEAN DEPOSITARY RECEIPTS REPRESENTING COMMON STOCK OF HONDA MOTOR CO. LTD.

A distribution of \$0.238 per depositary *share less any applicable taxes* will be payable on and after November 20, 1978 upon presentation of coupon No. 5 at the offices of any of the following depositaries.

MORGAN GUARANTY TRUST CY. OF NEW YORK.
—New York, 15, Broad Street (ADR Section).
—Brussels, 35, avenue des Arts.
—London, 33, Lombard Street.

Amount payable after deduction of 15% Japanese tax: \$0.202.
Amount payable after deduction of 20% Japanese tax: \$0.190

DAIWA SEIKO INC.

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS

NOTICE HAS BEEN GIVEN to shareholders of the Company on 8th November, 1978 that at a meeting of the Board of Directors of the Company held on 1st November, 1978 it was resolved that the Company shall make a free distribution of Ordinary Shares of Common Stock of par value Y.50 each at the rate of 0.1 New share for each share to shareholders of record as at 31st January, 1979.

Copies of such Notice may be obtained from:—

Robert Fleming & Co. Limited,
8, Crosby Square,
London, EC3A 6AN
Banque Internationale à Luxembourg S.A.,
2, Boulevard Royal,
Luxembourg.

Robert Fleming & Co. Limited hereby informs EDR holders that Coupon No. 4 to the EDR's will be used for the purpose of claiming the European Depositary Receipts evidencing the new shares and has *therefore been deemed to mature at the* close of business in Luxembourg on 27th January, 1979. After that time, Coupon No. 4 should be detached from any EDR presented for surrender and would not be issued with any new EDR.

It is expected that the distribution of the certificates for the new shares will be made available towards the middle of March, 1979 but the Depositary will give notice to the EDR holders as soon as practicable thereafter specifying the securities or other property payable in respect of each EDR and the method and date for collection thereon. Only upon such notice will any payment be made against presentation of Coupon No. 4. The new shares will rank for dividend payments with a record date on or after 1st February, 1979 and in all other respects will rank pari passu with the existing Ordinary Shares.

For the purpose of allocation of the free distribution of shares and determination of shareholders to be paid interim dividends, the registration of transfer of shares and alteration of any other entry in the register of shareholders shall be suspended from 1st February, 1979 to 15th March, 1979 (inclusive).

N.B.—Ex-Rights date on the Tokyo Stock Exchange 27th January, 1979.

ROBERT FLEMING & CO. LIMITED
Depositary

London,
21st November, 1978.

TRANSPARENT PAPER LIMITED

6.5% CUMULATIVE PREFERENCE SHARES

The dividend in respect of the above shares for the half-year ending 31st December 1978 is payable on 31st December 1978 to members on the register at 5th December 1978.

By Order of the Board,
P. MACLEAN,
Company Secretary.

Registered Office:
Bridge Hall Mills,
Bury, Lancashire.

GENERAL MINING AND FINANCE CORPORATION LIMITED
(Incorporated in the Republic of South Africa)

SUB-DIVISION OF SHARES

At the general meeting held on 22 November, 1978 the Special Resolution sub-dividing each of the 8,490,000 ordinary shares of R2 each in the capital of the Company into FIVE ordinary shares of 40 cents each was passed and registered by the Registrar of Companies, Pretoria.

Holders of SHARE WARRANTS TO BEARER are advised that adhesive labels, to be affixed to their Warrants, recording the sub-division into shares of 40 cents each are obtainable from paying agents:

In London:
National Westminster Bank Limited, Stock Office Services, 5th Floor, Drapers Gardens, 12 Throgmorton Avenue, London EC2.

In Paris:
Credit du Nord et Union Parisienne, 6 & 8 Boulevard Haussmann, 75009 Paris

In Basle:
Swiss Bank Corporation, 1 Aeschenvorstadt, 4002 Basle.

In Zurich:
Credit Suisse, Paradeplatz, 8021 Zurich.

The Johannesburg Stock Exchange and the Council of The Stock Exchange, London, have granted listings for the sub-divided shares. In accordance with the listing arrangements, the following dates are applicable:

Last day for dealing in certificates for shares of R2 each 8 December 1978
Commencement of listing of sub-divided shares of 40 cents each 13 December 1978

For the purpose of the sub-division of shares the ordinary register of members of the company will be closed from 9 to 15 December 1978, both days inclusive.

By Order of the Board
[illegible]
London Secretary

London Office:
Princes House,
95 Gresham Street,
London EC2V 7BN

Transfer Secretaries
United Kingdom:
Charter Consolidated Limited,
PO Box 102,
Charter House,
Park Street, Ashford,
Kent TN24 8EQ
22 November 1978

TIGER OATS AND NATIONAL MILLING COMPANY, LIMITED
(Incorporated in the Republic of South Africa)

NOTICE TO PREFERENCE SHAREHOLDERS
5.5 PER CENT CUMULATIVE PREFERENCE SHARES

NOTICE IS HEREBY GIVEN that *Dividend* No. 69 of 2.75% (Two and three quarters per cent), for the half-year ending 31st December, 1978, equivalent to 5.5 cents per share, has been declared payable to holders of 5.5 per cent. cumulative preference shares, registered in the books of the company at the close of business on the 15th December, 1978.

The dividend is declared in the currency of the Republic of South Africa and warrants will be posted by the company's transfer secretaries in South Africa and in the United Kingdom, on or about the 1st February, 1979.

Dividends payable from the United Kingdom will be paid in United Kingdom currency. Shareholders paid from the United Kingdom will receive the sterling equivalent of the rand currency value of their dividend on 23rd January, 1979, less appropriate taxes.

The transfer books and registers of members will be closed from the 16th December, 1978 to the 29th December, 1978, both days inclusive.

The dividend is subject to the deduction of 15 per cent. Non-Resident Shareholders' Tax in the case of those shareholders whose addresses are outside the Republic of South Africa.

By Order of the Board,
H. YUDELOWITZ, Secretary

United Kingdom Office
at the Transfer Secretaries:
Charter Consolidated Limited,
P.O. Box 102,
Charter House,
Park Street,
Ashford, Kent, TN24 8EQ.
London Office:
40 Holborn Viaduct
EC1P 1AJ.
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MINING NEWS

Profits growth at Anglo

BY PAUL CHEESERIGHT

ANGLO AMERICAN, the biggest of the South African mining houses, yesterday indicated that it was on course for a buoyant financial year when it announced net profits for the six months to September of R103.3m (£61.87m) and declared an interim dividend of 14 cents (8.38p).

Neither the total of the net profits nor the dividend declaration are comparable with the previous financial period, because Anglo has been changing its year-end to March. These latest figures are the first for a 12 months period ending in March. The previous set of figures covered the 15 months to March 1978.

However, the recent dividend history of Anglo is for the final to be double or triple that of the interim. In the 15th months to March there was an interim of 12 cents, a special interim of 4.25 cents and a final of 25 cents, making a total of 45.25 cents.

In 1975 and 1976, there was in each year an interim of 8 cents and a final of 25 cents.

Should such history be repeated Anglo shareholders may expect a 1978-79 final of up to 42 cents.

The relatively high level of net income in the most recent half-year reflects the firmness of both the diamond and gold markets. Gold and uranium together with diamonds accounted for 62 per cent of Anglo's in the financial period to last March.

Although the diamond market quietened in the spring, it was quiet at a high level, while the gold price fluctuated between $167 and $219 an ounce.

A further 17 per cent of Anglo income accrues from industrial interests and during the most recent half year there has been some recovery in the South African economy.

The combination of these factors resulted in Anglo's net income averaging out at R17.2m a month compared with an average of R16.11m a month during the 15 months to last March.

The difference between these two monthly averages probably understates the growth trend in Anglo earnings. The group's dividend revenues flow in unevenly, with the tide running most strongly in the March quarter. There were two such quarters in the abnormal 15 *months period; but the best could* be yet to come in 1978-79.

This depends on the markets. There seems little reason to fear a downturn in diamonds, but the bullion market has dropped sharply, remains extremely sensitive and could drop further.

Over the most recent half year, however, the market value of the group's investment rose 34 per cent, from R1.99bn at the end of March to R2.67bn (£1.6bn) at the end of September. Earnings per share were 39.5 cents against 80.9 cents for the preceding 15 months. Yesterday in London the shares rose 5p to 303p.

Campbell Chibougamau sells gold forward

Campbell Chibougamau Mines, which produces copper and gold from properties in north west Quebec, is paying increasing attention to the gold aspects of its operations, writes John Soganich from Toronto.

In the first place, it has adopted a policy of selling forward a portion of its gold output to hedge the period elapsing between actual production and [illegible] sales. This will have ensured some protection against the recent decline in the bullion price, which latterly has been moving around $200 an ounce, compared with the peak $245.125 at the London close on October 30.

Meanwhile production is being accelerated at the Henderson mine, where the continuity of high grade copper-gold ore zones at the lower levels has been confirmed. Henderson was closed between May 1975 and July 1976, and since then has been operating on a reduced basis.

About 7,000 feet from the Henderson underground workings, *there is what Campbell calls "a potential high grade gold deposit"* under Lake Chibougamau and exploration is planned. The company is also considering re-opening the Gwillim Lake gold property in a joint venture.

● Helped by higher bullion prices, two Canadian gold producers have reported higher profits for the first nine months of this year. Campbell Mines had net income of C$3.5m (£1.54m) against C$2.3m in the same period of 1977, while Sigma Mines (Quebec), which is controlled by Dome Mines, had net income of C$2.3m (£1.01m) against C$1.44m.

ROUND-UP

Shareholders of General Mining, the South African mining finance house, have agreed to the sub-division of the R2.0 ordinary shares into five ordinary, each of 40 cents.

* * *

Roman Corporation of Toronto, which holds 82 per cent of Denison Mines, the Canadian uranium producer, is to pay a cash dividend of C$4.0 (170p) a share from its tax-paid surplus on hand and 1971 capital surplus. The move follows a similar payment of a special dividend by Denison.

* * *

Orchan Mines, the Canadian lead-zinc producer in the Noranda group, had net earnings in the nine months to September of C$1.6m (£704,225) against C$1.2m in the same period of 1977. In the third quarter mine operations made a loss of C$362,000, but higher prices on inventory valuations and the fall of the Canadian dollar offset the deficit.

*

Cyprus Anvil Mining of Vancouver will next year undertake further drilling at a lead-zinc deposit near its opencast mine at Faro, Yukon. Earlier drilling was not conclusive enough to indicate the tonnage of mineralisation which could be economically blended with the opencast ore. Drilling is also planned at a lead-zinc deposit near Willison Lake in British Columbia. This is a joint venture with Hudson's Bay Oil annd Gas.

MINING BRIEFS

MOUNT ISA MINES—Production for the period October 23 to November 19. Lead ore treated 200,611 tonnes, produced 3,270 tonnes crude lead and 14,299 tonnes zinc concentrates. Copper ore treated 348,939 tonnes produced 12,720 tonnes blister copper.

Extel keeps up pace as mid-term hits £1.3m

REPORTING pre-tax profits up from £1.18m to £1.33m for the six months to September 30, 1978, the directors of Exchange Telegraph Company (Holdings) say that, barring a deterioration in the economic position, they expect profits for the full year to exceed the record £2.12m for 1977-78.

First-half earnings are shown to have risen from 8.2p to 9p and the net interim dividend is stepped up from 1.8p to 2.013p. There is a supplementary 0.06p on account of last year. This brings the total for 1977-78 to 4.475p.

Turnover for the six months amounted to £11.77m (£10.81m) and tax for the period took £535,000 (£456,000).

SSAP 15 has been applied for those subsidiaries which can demonstrate a continuing programme of capital investment and stock holding.

Last year's tax charge and earnings per share have been adjusted accordingly.

It is estimated that the effect of applying this new policy is to *increase the group's reserves at* April 1, 1978 by £2.16m to £6.25m. Additional amounts of deferred tax would have been required for the six months under the previous accounting policy, of £175,000 (£176,000).

The directors report that the Burrup, Mathieson printing group performed well in spite of competition in all the markets it serves and is beginning to show the benefits of some of the rationalisation in recent years.

Likewise Robophone, the supplier of telephone communications systems, added significantly to its profits.

Stone-Platt switch to Birkenhead

By Rhys David

STONE-PLATT INDUSTRIES is to move the headquarters of its S.M.M. Propellers subsidiary from London to Birkenhead on Merseyside, creating 30 new jobs.

The company which comes under Stone Manganese Marine, the marine division of Stone-Platt, already has a production unit at Birkenhead producing fixed pitch propellers, and will be transferring design, marketing and commercial functions to the site.

The move will make it necessary to recruit draughtsmen locally. A metallurgical research laboratory will also be transferred to the area from the south.

S.M.M. is the only manufacturer of large propellers in the UK. It has been working below capacity because of the recession in shipbuilding, but the company hopes that a recovery will have taken place in shipbuilding by the time the transfer has been completed, possibly in about two years.

BANK RETURN

	Wednesday Nov. 22 1978	Inc. + or Dec. − for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	23,718,092	+ 996,011
Special Deposits	1,104,900,000	
Bankers Deposits	410,683,021	− 6,051,337
Reserves & Other Accounts	685,927,562	+ 40,120,704
	2,239,779,225	+ 35,079,378
ASSETS		
Govt. Securities	1,777,106,028	− 64,74[illegible]
Advances & Other Accounts	282,612,481	+ 73,720,294
Premises, Equipment & other Secs.	167,809,072	− 2,759
Notes	11,252,482	+ 6,102,477
Coin	226,462	− 16,017
	2,239,779,225	+ 35,079,378
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	8,860,000,000	+ 50,000,000
In Circulation	8,868,707,508	+ 43,797,530
In Bank's Dept.	11,252,492	+ 6,102,470
ASSETS		
Govt. Debt	11,015,100	—
Other Govt. Securities	7,365,861,240	−181,760,000
Other Securities	1,274,133,660	+231,760,0[illegible]
	8,650,000,000	+ 50,000,000

Akroyd and Smithers picks up

AFTER THE halfway setback when a £2.26m deficit was incurred against a £10.41m surplus *last time Akroyd and Smithers*, stock and share jobber, returned to profitability in the second six months to finish the September 29, 1978, year with a pre-tax profit of £0.11m, compared with the previous year's £15.51m.

Turnover, comprising the aggregate value of sold bargains, improved slightly from £26.49m to £27.11m and the year's profit included a £79,000 (nil) contribution from an associate.

The directors report that trading in the current year to date has resulted in a return to a more reasonable level of profitability compared with 1977-78.

After a tax credit of £0.62m (£8.35m charge) arising mainly as a result of the deferral in previous years of tax relief on expenditure incurred in those years, net profits emerged at £0.72m against £7.16m.

Stated earnings per 25p share declined from 80.5p to 9.02p, while the dividend total is maintained at 16.7338p net, costing £1.34m (same) with a final of 11.7538p.

● **comment**

Having been caught badly on the wrong foot in the gilt-edged *market in the half year to March* —when it lost £2.26m pre-tax— Akroyd and Smithers has found its feet again in the second half of the year. Volume has been nothing to shout about, but there was plenty of action in gilts during Akroyd's third quarter and its equity book has also done better. The current year has also got off to a reasonable start so Akroyd is maintaining its dividend at a cost to reserves of over £600,000. The yield at 200p is over 13 per cent.

Slight fall at Leigh Interests

PROFITS and turnover of Leigh Interests were down slightly in the half-year to September 30, 1978. Pre-tax profits, excluding associated companies, were £412,000, against £427,000, and turnover slipped from £7.44m to £7.3m.

The interim dividend is lifted from 1.3p to 1.45p—last year's total was 3.63p on pre-tax profits of £880,000.

The directors say the waste treatment and disposal side achieved significant profit growth, *except for the 50 per cent-owned* associated company Stablex at Thurrock which started operations in February, 1978.

Group results were held down by a less satisfactory performance *in other areas*, principally in dry waste transport.

The problems in dry waste transport were principally in one subsidiary, resulting in a £58,500 first half loss. Rationalisation and reorganisation should be completed in the second half.

In the waste treatment and disposal operations profitability at the two Sealosafe plants at Aldridge rose. Since September they have been operating above their rated capacity and steps are being taken to increase the size of the new plant to meet the high level of demand.

But increased profits in this *area have been offset* by the substantial costs resulting from delays in planning application decisions. Prospects for the year depend to a considerable extent on the timing of these decisions.

In spite of these difficulties waste treatment and disposal activities showed a profit increase of 10 per cent. This was after *charging Mitco special costs of £144,000*.

Motor dealership achieved a 17 per cent profits increase. But during the second half the results will be affected by the Ford strike and there may be third quarter losses.

Anderson Strathclyde moving ahead

TURNOVER of Anderson Strathclyde at £23.09m for the 26 weeks to September 30, 1978, was 23 per cent above the slightly depressed level for the same period last year, while pre-tax profits were higher at £1.21m compared with £1.19m.

Trading profits increased by 10 per cent to £1.64m despite losses on exchange of £110,000 incurred by overseas subsidiaries.

The interim dividend is effectively raised from 0.855p to 1p —the total last year was equal to 2.358p from pre-tax profits of £3.97m.

	1978 £000	1977 £000
Turnover	[illegible]	[illegible]
Trading profit	[illegible]	[illegible]
Interest	[illegible]	[illegible]
Profit before tax	1,210	1,192
Tax	[illegible]	[illegible]
Net profit	[illegible]	[illegible]
Minorities	—	[illegible]
Interim dividend	[illegible]	[illegible]

The higher charge for interest partly reflects increased borrowings to enable a build-up of work-in-progress to fulfil a substantial order from China for coal-face equipment.

During the last six months substantial orders for mining machinery have been obtained in export markets particularly from the U.S., Canada and Australia, as well as from China.

With the order book at a record level, despite low pockets for some categories, the opportunity remains to make a further advance this year, but the principal benefits should be felt in the next financial year, the directors say.

Sunley not to split divisions

Bernard Sunley Investment Trust will not be following the path of John Laing and splitting up its property development and construction business into two companies.

Yesterday, Mr. B. Williams, the company secretary, said that the only reason for dividing in two would be if "one plus one equalled more than two." After discussions with the company's merchant banks Sunley decided that this would not be the case.

Under the present structure the two sides of the company "mutually supported each other and work together."

He denied that the decision to remain united was due to a feeling that on its own the construction element would be more exposed to cyclical downturns. Moreover, he claimed that the construction business—involving a turnover of some £70m a year—was big enough to stand alone.

"We just decided not to do it," Mr. Williams said. "We also noted that in Laing's case there was more excitement in the market before the split went through than after."

AMC ahead so far

PROFITS before tax of Amalgamated Metal Corporation rose from £5.99m to £7.45m in the nine months to September 30, 1978—the profit last year was struck before exceptional debits of £1.5m.

The directors say the result shows significant improvement over the comparable period last year but is not reflected at the net level—£2.16m against £2.63m —because of higher tax and minorities.

Turnover was £710m against £802m. After tax of £5.54m (£2.38m), earnings per share are shown at 32.7p against 41p before extraordinary and exceptional items.

Tin smelting has maintained record performance and industrial activities continue to improve, the directors say. While physical metal trading remains adversely affected by poor markets, the subsidiary on the London Metal Exchange continues to perform well.

Preussag holds a controlling interest in the group.

Bird now decides on liquidation

The Board of Bird and Company (Africa) is to propose that the company should be wound up. It has written to shareholders calling for an extraordinary general *meeting on December 15*.

Bird received the last instalment of its compensation from the Tanzanian Government earlier this year. But the "particular circumstances" of the company created problems with regard to liquidation.

These have now been overcome, the company says, and a "substantial" distribution is anticipated shortly after the liquidation is started. Another, final distribution will be made shortly after that.

UK resident shareholders on the London register can expect to receive some or all of the investment currency premium on the distributions. The payments will be made to such holders in foreign currency in order to facilitate this.

The proposed liquidator, Mr. David Hill of Coopers and Lybrand, is resident in Jersey. Bird says, "Your directors are of the view that in the company's circumstances, this is the best jurisdiction from which to undertake the liquidation."

Midterm rise for Wheeler's

REPORTING PRE-TAX profits ahead from £317,200 to £492,800 for the half year to September 30, 1978, on turnover of £3.07m against £2.75m, Mr. Bernard Walsh, the chairman of Wheeler's Restaurants, warns of some decline in growth rate during the second six months.

He explains that the company is faced with an increase in costs of its basic commodities and kitchen materials and also a heavy rise in restaurant wages.

Nevertheless, he expects the full year's results to show an excess over the previous year, when pre-tax profits were a peak £652,602.

Continuing their declared policy, the directors are currently negotiating for the purchase of the freeholds of the company's Akoye and Antoine Restaurants. Mr. Walsh says he hopes to report by the current year-end that these have been acquired.

After tax of £261,800 (£166,300) and minorities of £5,840 (£3,090), available profits for the half-year rose from £146,770 to £226,220.

The interim dividend is effectively lifted from 1.41p to 1.55p net per 10p share—for 1977-1978, payments totalled an equivalent 4.25p.

Results of the company's remaining associate, which operates an oyster fishery, are not included in the six months' figures due to the seasonal nature of its trade.

AMERICAN NEWS

Fears after profits hit peaks

BY STEWART FLEMING IN NEW YORK

SPURRED BY *powerful gains in* the airline, banking and metals industries, corporate profits hit new peaks in the third quarter. But, increasingly, private economists are predicting that business may have seen its best days in this ageing economic cycle and that it could be a year or more before profits recover to their current levels.

This pessimistic view in part depends on the assumption, widespread outside the Carter Administration, that 1979 will see a recession—two quarters of nil real economic growth. Corporate profits are particularly sensitive to the trend of gross national product. So much depends on the underlying assumption that the high interest rates associated with the dollar defence policy, announced at the beginning of the month, will produce economic stagnation for part of next year.

The minority of private economists who do not share the recession assumption, or those who argue that the downturn will not come until late 1979 or 1980, can still predict modest corporate profits growth for next year.

According to Commerce Department data released earlier in the week, after tax profits for corporate America hit an annual rate (seasonally adjusted) of $122bn in the July to September period. While this is a slim gain (one per cent) over the buoyant second quarter when 8.7 per cent GNP growth and strong demand allowed companies to *push up production and prices* strongly, it followed unfulfilled predictions of a third quarter profit decline.

Moreover, in comparison with the third quarter of last year U.S. corporations were still experiencing near-boom conditions, with earnings 16 *per cent higher* on the Commerce Department data.

One of the factors behind the flattering comparison was that several industries, steel and metals in particular, were in the doldrums last year.

Earnings are recovering in these industries, although profitability in terms of return on assets is still low in steel for example, and other industries are building on earlier gains. The airline industry added a two-thirds rise in the latest period to its 1977 record profits, while banking profits rose by almost a third.

A continued rise in productivity, a further slowing in the rise in hourly compensation (down from 10 per cent to 9 per cent between the second and third quarters) and, of course, continuing real growth (3.4 per cent in the third quarter) were all factors behind the profits improvement. Profit margins again showed a modest improve*ment compared* with the second quarter.

Looking forward, however, there is little confidence in the private sector that the current *level of profitability can be sus*tained, even in the fourth quarter when real growth is expected still to continue around the 3.4 per cent level.

Corporate profits continue to show substantial gains in the third quarter of the year. ***But a variety of factors indicate*** **that the momentum may prove impossible to maintain**

In part this assumption is based on the belief that with the Carter administration pushing its *price control policy, and,* more importantly, the economy slowing, price increases will be harder to secure. Inflation, however, is expected to keep pushing up costs, particularly wage costs.

Many companies, the stores and supermarkets groups for example, are already beginning to feel the cost of higher interest rates. Commercial bank prime rates have risen this month to 11 per cent (they averaged 9 per cent in the second quarter) at a *time when corporate treasurers* have been making bigger and bigger demands on their short term credit lines.

It is, of course, the high cost of borrowing (and the already heavy burden of debt on consumers and house purchasers in particular) which is expected to turn the economy down, with the weakness beginning in sectors like housing and durable consumer goods, the car industry for example.

But opinions are divided on just when and how hard the high level of interest rates will bite into the economy. Some argue *that since credit is still readily* available and it is not clear how severely the Federal Reserve will restrain credit growth, the economic expansion could continue for several months. The sting in the tail, however, is that the result will be worse inflation as capacity shortages spread and a deeper corrective slump, the argument runs.

For industry as a whole, however, more worrying than the temporary downturn they expect is the longer term trend evident in inflation-adjusted profits figures prepared by Citibank. These show that in the second quarter of this year this profits index rose above the third quarter 1974 level for the first time. In the July to September quarter just past the index retreated from 159 to 153, close to the 149 reported in 1974. If *profitability continues to turn* down, industry's ability to finance itself could be further eroded.

Brazil to limit inflow of foreign capital

By Diana Smith

RIO DE JANEIRO, Nov. 23.

THE Brazilian Government has announced a package of anti-inflation measures which will restrict the inflow of foreign capital in order to *prevent the economy from* overheating next year.

The National Monetary Council has decreed that the repayment terms on foreign currency loans taken by State-run or private enterprises which receive Government guarantees for the credits *must be raised from* the current minimum of five years to eight years.

If this does not hold the influx of foreign loans to a maximum of approximately $300m a month—a new target to allow more effective control of the money supply—the Government has indicated that it will demand a tight ceiling on interest rates payable on such loans.

The new measures reverse the recent official practice of favouring foreign syndicated loans as a means of building up Brazil's foreign currency reserves.

According to the council, Brazil's reserves increased by $3bn this year (to an estimated $11bn), raising the money supply by 36 per cent since January.

To offset this, the Government in July froze cruzeiro conversions of foreign loans for 30, 120 and 150 days.

Now, to prevent a $1bn *expansion in the money supply* before the end of this year, the council will allow the gradual release of frozen funds in three separate tranches, with 30 days *between* the first and second and 60 days between the second and third.

The Government has also declared a temporary restriction on loans granted by the Bank of Brazil, the semi-State institution responsible for the majority of subsidised credits to small businesses and farmers.

Several bankruptcies are likely next year, since small- and medium-sized Brazilian businesses are under-capitalised and heavily reliant on loans. Interest rates charged by banks to large companies now run at about 55 per cent annually and are likely to increase next year.

To prevent overheating of the economy in 1979, the Government has also announced limitations on budgets of the State-run enterprises.

Weeden to link with Moseley

By John Wyles

NEW YORK, Nov. 23.

BURDENED by mounting financial losses, Weeden and Co., one of the most controversial securities firms in the U.S., has agreed to a merger with the Boston-based Moseley Hallgarten and Estabrook Corporation.

The merger will bring to an end some 50 years of independent operations for Weeden, whose losses during the past seven quarters total more than $27m. In recent years, the company has been in frequent conflict with the New York Stock Exchange as the leading dealer in the so-called "third market." Weeden's over-the-counter dealing in NYSE listed stocks brought frequent criticism from the Exchange authorities that it was undermining the integrity of the primary securities market.

Weeden started to run into troubled waters with the abolition in May, 1975, of fixed commission charges on transactions for institutions.

EUROBONDS

Quiet day for markets

BY FRANCIS GHILES

THE international bond markets were very quiet yesterday. In the dollar sector prices were mixed in very thin trading while Deutsche-mark prices were steady in fairly active business.

The *DM 400m World Bank* issue has been priced at 99½ to yield 6.32 per cent with indicated conditions otherwise unchanged by the lead manager Deutsche Bank. *Hitachi Shipbuilding* has been priced at par to yield 7.75 per cent with conditions otherwise unchanged by the lead manager Westdeutsche Landesbank.

Meanwhile, the private placement for South African Railways and Harbours was priced at 99, to yield 7.81 per cent by BHF Bank.

The next bond on the calendar in the DM sector is expected next Monday for Oesterreichische Kontrollbank through Deutsche Bank.

Simpsons bid query

By Our Financial Staff

MR. G. ALLAN BURTON, the chairman of Simpsons Ltd., the Toronto-based department store chain at present facing a $337m bid from Hudson's Bay Company, said that "no Simpsons shareholder can properly assess" the bid without knowing whether the 40 per cent stake in Simpsons-Sears at present held by Simpsons would be sold, and if so, for how much.

Mr. Burton revealed that under a 1952 agreement between Simpsons and Sears Roebuck of the U.S., setting up Simpsons-Sears, either party must offer the other first call on any Simpsons-Sears shares it wants to sell and at an agreed price.

The directors of Simpsons have said that when "major uncertainties" surrounding the Bay bid are resolved, then they will make a recommendation to shareholders.

As at October 4, book value was C$5.26 a share, compared with the Bay bid offer of C$8.27 a share.

Conagra sues Cargill

BY OUR FINANCIAL STAFF

CONAGRA HAS filed suit against Cargill, the U.S. grain company, as well as against Cargill Holdings, a subsidiary, and certain stockholders of MBPXL, the beef processing concern, charging violations of federal securities laws and federal and state anti-trust laws.

Last week Cargill bid $67.5m to buy MBPXL but Conagra says it had a prior and definitive agreement with MBPXL to a proposed tender by Conagra for the company at $27 a share, subject to stockholder approval.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on November 23

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aga Akt. 9¾ 88	25	95½	95¾	−0½	−0½	9.96
Australia 8.45 83	175	†97½	98	+0½	+0½	9.31
Australia 9½ 93	75	†99½	100	+0½	+0½	9.38
Beatrice Foods 7¾ 83	100	95½	95¾	0	−0½	9.06
CECA 9½ 87	50	†99½	99½	+0½	+0½	9.68
CECA 9 93	25	97½	97½	0	+0½	9.29
CECA 9½ 95	25	98½	99	+0½	+0½	9.38
CNT 9 93	75	96½	96½	−0½	−0½	9.46
Canada 9 83	250	95½	96½	0	−0½	9.30
Canada 8.20 83	250	95½	95½	0	−0½	9.27
Canada 9½ 98	250	94½	95½	−0½	−0½	9.41
Canada 9 83	400	99½	100½	0	−0½	9.20
Canada 9½ 85	350	100½	100½	−0½	−0½	9.40
Canadair 9½ 83	70	95½	95½	−0½	+0½	9.74
Dominion Bridge Co. 9 88	25	93½	93½	0	0	10.23
EIB 8½ 85	100	†96½	97½	0	+0½	9.50
EIB 9½ 95	125	†97½	98½	−0½	+0½	9.55
EIB 9½ 99	100	98½	99½	0	+0½	9.56
Elsam Jutland 9 83	25	95½	95½	−0½	−0½	10.09
Eksportfinans 9 86	50	96½	97½	−0½	+0½	9.55
Finland 9½ 83	100	†97½	98	−0½	+0½	9.62
Finland 9 88	100	†96½	97½	+0½	0	9.72
Hospital O/S 9 83	75	96	96½	0	+0½	10.09
Int. Finance 9½ 88	25	94½	94½	−0½	+0½	10.71
Int. Finance 9½ 98	20	92½	92½	0	+0½	11.14
J. C. Penney 8½ 83	100	97½	97½	0	0	9.19
Mac Bloedel 9¾ 93	50	97½	98½	0	+0½	9.68
NZ Dev. Fin. 9½ 83	25	95½	96½	−0½	+0½	9.87
NZ Dev. Fin. 9½ 85	20	95½	96½	−0½	+0½	9.61
Nat. West. 9 85	75	97½	97½	0	+0½	9.45
Newfoundland 9½ 90	50	97½	98½	0	+0½	9.51
Nord Inv. Bk. 9½ 88	25	96½	96½	−0½	−0½	9.28
Norges Komm. 9½ 93	75	†98	98½	+0½	+0½	9.52
Norway 7¾ 82	250	94	94½	−0½	−0½	9.50
Norway 9½ 83	150	†98	98½	+0½	+0½	9.40
Occidental 9¾ 83	75	92½	92½	0	+0½	10.52
Ont. Hydro 9½ 83	125	95½	95½	−0½	−0½	9.41
Quebec Hydro 9½ 93	50	98½	99	0	+1	9.65
Sweden 9½ 98	125	†98½	99½	+0½	+0½	9.57
UK 8½ 83	200	†96½	97	0	+0½	9.42
UK 9½ 93	150	97½	98	+0½	0	9.37

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 6 88	150	94½	95½	−0½	−0½	7.24
Asian Develop. Bk. 5½ 88	100	†93½	93½	−0½	0	6.43
Australia 6 88	250	†101½	101½	+0½	−0½	5.86
Austria 5½ 90	150	98	98½	+2½	+2	5.96
Bankamerica 5½ 90	150	99	99½	+0½	−0½	5.84
Banq. Ext. Algerie 7½ 85	100	95½	96	0	−0½	8.07
CECA 6 88	150	97½	97½	+0½	−0½	6.35
Canada 4 83	600	97½	98½	+0½	0	5.29
Chase Manhattan O/S 6 93	100	102½	102½	−0½	−0½	5.79
Commerzbank Intl. WW 83	100	†106½	107½	+1	+0½	2.69
Commerzbank Intl. XW 83	100	†83½	83½	0	0	5.78
Copenhagen City 6 90	75	95½	96½	−0½	−0½	6.52
Council of Europe 6½	100	97½	99	−0½	−0½	6.46
EIB 6 90	300	94½	94½	−2½	−3½	6.67
Elf Aquitaine 5½ 88	100	93½	94½	0	−0½	6.12
IBJ 5 84	100	99½	99½	+0½	+0½	5.11
Indonesia 7 84	150	96½	97½	0	−0½	7.65
Kobe, City of 5½ 88	100	100½	101½	+0½	+1	5.54
Light Servicos de Elet.	150	97½	97½	−0½	0	7.21
Mexico 6 85	200	95½	96½	+0½	−0½	6.81
Mitsubishi Petro 5½ 85	100	†100½	101½	0	−0½	5.54
Nippon Steel 5½ 85	100	100½	101½	+0½	−0½	5.59
Norges Komm. 6 90	100	98½	98½	−0½	−0½	6.19
Norway 4½ 83	250	96½	96½	0	−0½	5.29
Norwegian Ind. Bk. 6 90	125	98	98½	+0½	−0½	6.21
Petroleo Brazil 7 88	100	98½	99½	0	−0½	7.12
Philippines 6½ 85	100	95½	96	−0½	−0½	7.63
PK Banken 5½ 85	100	95½	96½	+0½	0	6.62
Quebec, Province of 6 90	150	95½	96½	+0½	−0½	6.50
Rautaruukki Oy 5½ 95	50	93½	94½	+0½	−0½	6.66
Ricoh 5½ 83	30	†100½	100½	+0½	0	5.12
Spain 6 88	200	96½	96½	0	+0½	6.50
Statoil 6 88	150	99½	99½	−0½	−0½	6.08
Trondheim, City of 5½	30	95½	95½	+0½	0	6.44
UDS Group 5½ 83	65	96½	97½	0	−0½	6.49
Venezuela 6½ 90	150	93½	94½	−0½	−0½	7.25

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Acesa 3½ 93	40	103	103½	+0½	−1	4.22
Arlberg Tunnel 4 93	60	98	98½	+0½	−1½	4.16
Amca 3½ 90	100	92½	93	+0½	−2½	4.44
Chase Manhattan 4 93	70	100½	101½	+1	−2	3.91
CVRD 4½ 93	50	94½	95½	−0½	−2½	5.34
Council of Europe 4½	65	100	100½	+0½	−1½	4.47
Bankamerica 3½ 93	80	98½	99½	+0½	−2½	3.84
BNDE 5 88	75	99½	100½	+0½	−0½	5.00
Denmark 4½ 90	100	100	100½	+0½	−2½	4.47
Denmark Mortgage Bk.	73	101	101½	+0½	−2½	4.36
EIB 4½ 93	100	98½	98½	+0½	−2	4.39
Eurofima 4½ 93	80	97	97½	+0½	−4	4.51
F. L. Smidth 4½ 93	25	100	100½	+0½	−0½	4.47
Finland 4½ 93	80	99½	100	+1	−1½	4.52
GZB 4½ 93	100	100½	101½	+0½	−1½	4.45
Fürstentum Liechtenstein 4½	25	102½	102½	+1	−2½	4.02
ICI Fin. NV 4½ 93	100	102½	102½	−0½	−2½	4.16
Malaysia 4½ 90	85	98	98½	−0½	−1½	4.45
Manitoba 4 93	100	98½	99	+0½	−2½	4.11
New Brunswick EPC 3½	100	95	95½	+0½	−2½	4.29
Norges 4 93	70	97	97½	+0½	−2½	4.26
Norges Komm. 4½ 90	125	99½	100	+0½	−2½	4.28
OKB 4 93	85	99½	100½	0	−1½	4.01
Oy Nokia 5 90	70	102	102½	+0½	0	4.74
Safe 4½ 93	30	100½	101	+0½	−0½	4.18
Sandvik 4 90	85	100	100½	+0½	−0½	3.97
Sees 4½ 88	15	100½	100½	+0½	−0½	4.43
Voest-Alpine 4½ 93	100	100½	100½	−0½	−1½	4.45
Vorarlberg Kraft 4 93	30	98½	99½	−0½	−1½	4.08
Vienna 4 93	100	99	99½	−0½	−1	4.07
World Bank 4½ 93	250	100	100½	+0½	−1½	4.23

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 5½ 98	15	97½	98½	−0½	−0½	6.88
Australia 6.8 90	50	100½	101½	0	−0½	6.55
BFCE 6.4 90	30	96½	97	0	−0½	6.94
Eurofima 6.3 90	10	98	98½	−0½	−0½	6.62
Finland 6.7 88	25	97½	98½	−0½	−0½	7.12
Norway 5.7 83	25	102½	103	−0½	−1	5.89
Oslo, City of 6.6 90	15	97½	97½	−0½	−1	7.04
SNCF 6.6 90	20	96½	97½	0	−1	7.26
Sweden 6.3 90	40	95½	96½	0	−0½	6.89

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Rank O/S Hold. 11½ A$	12	96½	96½	−0½	−1½	12.19
Auto Cote Basq. 7 93 EUA	16	96½	97½	+0½	0	7.29
Copenhagen 7 93 EUA	30	96½	97½	0	+0½	7.29
Finland Ind. Bk. 7 93 EUA	15	96½	97½	0	+0½	7.35
Komm. Inst. 7½ 93 EUA	15	98½	99½	0	−0½	7.65
Panama 8½ 93 EUA	20	95½	96½	+0½	−0½	8.72
SDR France 7 93 EUA	22	97½	98½	+0½	+0½	7.18
Algemene Bk. 6½ 83 Fl	75	92½	93½	0	−0½	8.33
Brazil 7½ 83 Fl	75	94½	95½	+0½	+0½	8.49
CFE Mexico 7½ 83 Fl	75	96½	97½	0	−0½	8.50
EIB 7½ 93 Fl	75	93½	94½	0	−0½	8.29
Neder. Middenb. 6½ 83 Fl	75	95½	95½	−0½	−1½	7.20
New Zealand 6½ 84 Fl	75	93½	93½	−0½	−1½	7.80
Norway 6½ 83 Fl	100	93½	94½	−0½	−0½	8.14
OKB 6½ 85 Fl	75	92½	93½	−0½	−0½	8.12
EIB 9½ 88 FFr	200	98½	99½	+0½	0	9.97
EAT 9 88 LuxFr	250	95	96	−1	+0½	9.78
Bayer Lux. 8 88 LuxFr	250	95	96	0	−1½	8.81
EIB 7½ 88 LuxFr	250	94½	95½	0	−1	8.25
Finland I. Fd. 8 88 LuxFr	250	95½	96½	0	−0½	8.59
Norway 7½ 83 LuxFr	250	96½	97½	0	+1	8.57
Renault 7½ 88 LuxFr	500	96½	97½	0	+0½	8.20
Solvay Fin. 8 85 LuxFr	500	†100	101	0	+1	7.80
Swedish I. Bk. 8 88 LuxFr	500	†99½	100½	0	+0½	7.97
Citicorp O/S Fin. 10 93 £	20	85	86	+0½	+0½	12.29
Finance for Ind. 10 88 £	12	83½	84½	−0½	+0½	12.97
Gestetner Hld. BV 11 88 £	10	86½	87½	−0½	0	13.62
Orang-boom 10½ 90 £	75	85	86	+0½	+0½	12.81
Whitbread 10½ 90 £	15	84½	85½	−0½	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
American Express 82	0½	98	99½	28/4	10½	10.71
Arab Intl. Bank M6.5 83	0½	95½	96½	31/1	9½	9.75
Banco Nac. Argent. M8 83	0½	96	96½	21/1	9½	9.34
Bank Handlowy M9 88	1½	98½	99½	25/11	9.56	9.35
Bank of Tokyo M5½ 93	0½	96½	97	18/4	10½	10.85
Banque Worms M5½ 85	0½	97½	98½	15/12	9	9.18
Bq. Ext. d'Alg. M6½ 84	0½	97½	97½	9/2	9½	9.87
Bque. Ext. d'Alg. M7.5 85	0½	95½	96½	7/5	12½	13.26
Bque. Indo et Suez M5½	0½	97½	98½	25/1	9½	9.53
Bq. Int. Afr. Occ. M6.5 83	0½	96½	97½	22/1	9½	9.65
CCCE M5.25 95	0½	96½	97	3/2	9.19	9.50
CCF M5½ 83	0½	99½	99½	3/5	12½	12.31
Chase Man. O/S M5½ 93	0½	96½	97½	27/1	9.31	9.61
Credit National M5½ 88	0½	97½	97½	11/1	9.19	9.44
Gotabanken M6 88	0½	†97½	97½	15/5	12.31	12.64
Ishikawajima M5½ 85	0½	†97½	98½	27/4	11½	11.59
Ljubljanska M7.75 85	1	96½	96½	30/5	10½	10.82
LTCB Japan M5½ 85	0½	98½	98½	9/5	12.38	12.23
Midland Intl. M5½ 93	0½	97½	97½	20/1	9.44	9.69
Nat. West. M5½ 90	0½	97½	97½	21/12	9.31	9.55
Nippon Credit M5½ 83	0½	97½	98½	15/3	9½	9.68
OKB M5½ 88	0½	99½	99½	18/5	10.38	10.43
Offshore Mining 88	0½	97½	98	19/1	9.44	9.64
SFTE M6 83	0½	98	98½	5/5	10.69	10.88
Standard Chart. M5.5 90	0½	96	96½	10/2	8.94	9.29
Sundsvallsbanken M6 85	0½	96½	97½	4/4	10.06	10.39
Utd. Overseas Bk. M6 83	0½	98½	98½	9/5	12.06	12.25

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asics 3½ 93	9/78	628	99½	100½	+0½	5.47
Baker Int. Fin. 5½ 93	1/79	24	98½	99½	−0½	2.26
Boots 6½ 93	2/79	2.16	89½	90½	−0½	−5.83
Coca-Cola Bottling 6½	4/79	9	89	90	+0½	10.19
Ito-Yokado 5½ 93	6/78	1073	131½	132½	+0½	−2.77
Novo Industri 7 89	4/79	259	92½	93½	+0½	7.16
Texas Int. Air. 7½ 93	4/79	14.5	82½	84½	0	27.26
Thorn Int. Fin. 7 88	11/78	3.67	95½	96½	0	−1.99
Tyco Int. Fin. 8½ 88	9/78	21	94	95½	+0½	18.13
Tyco Int. Fin. 5 84	5/78	61.5	72	73½	0	100.65
Asahi Optical 3½ DM	12/78	588	93½	94½	−0½	14.58
Casio Comp. 3½ 85 DM	11/78	841	100½	[illegible]	[illegible]	[illegible]
Izumiya 3½ 88 DM	10/78	989	105½	106½	−0½	4.63
Jusco 3½ 86 DM	1/79	1220	97½	97	−0½	31.28
Konishiroku 3½ 85 DM	1/79	612	98½	99	+0½	3.26
Marudai Food 3½ DM	2/79	1033	103½	104½	−0½	12.39
Murata Man. 3½ 86 DM	11/78	854	96½	97½	−0½	−0.52
Nippon Air. 3.5 88 DM	12/78	588	93½	94½	+0½	4.70
Nippon Shinpan 3½ DM	8/78	738	119½	120½	+0½	−0.37
Nissan Diesel 3½ 88 DM	2/79	477	96½	98	−0½	11.42
Olympus Optical 3½ 88 DM	2/79	709	97	98	+0½	4.78
Ricoh 3½ 86 DM	10/78	617	102½	103½	−0½	13.98
Sankyo Electric 3½ DM	8/78	869	127½	128½	−0½	9.75
Sanyo Electric 3½ DM	11/78	295	93	94	−0½	7.56
Seiyu Stores 3½ 88 DM	1/78	1275	114½	115½	+0½	2.55
Stanley Electric 3½ DM	11/78	621	96½	97½	−0½	8.97
Trio-Kenwood 3½ 88 DM	11/78	712	96	98½	+0½	10.16

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M=Minimum coupon. C.date=Date next coupon becomes effective. Spread=Margin above six-month offered rate for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

DUTCH COMPANIES

Estel cautious despite profit

BY CHARLES BATCHELOR NIJMEGEN, Nov. 23.

ESTEL, the Dutch-German steel group, *announced its first pre-tax profit for two years in the third quarter of 1978.* This improvement was encouraging, but it is too early to draw optimistic conclusions for the fourth and subsequent quarters, Mr. Jan Hogglandt, managing board chairman, told a press conference.

"Estel regards the future with very reserved optimism," Mr. Heinz Solbach, vice-chairman, said. The company's own cost-cutting programme and measures taken by the EEC mean that the worst is now over for the steel division. A further slight improvement can be expected in 1979, provided there are no new upsets in the form of an energy crisis or currency disturbances.

The steel processing division also expects to benefit from the upturn in the vehicle and construction industries, but only the next weeks and months will show whether the present improvement is temporary or permanent, Mr. Solbach said.

Estel made a pre-tax profit of Fl 5.3m ($2.52m) in the third 1978 quarter, compared with a loss of Fl 130.7m in the same period of 1977. The trading result showed a profit of Fl 95.6m against a loss of Fl 67.1m. *Estel has not announced* net figures for the past three quarters because of the difficulty of calculating the tax credit on loss-making activities.

Sales in the quarter rose to Fl 2.68bn ($1.27bn) from Fl 2.48bn in 1977.

Estel continued in the red at the pre-tax level in the first nine months as a whole, making a loss of Fl 131.5m—though this was sharply down on the Fl 354.3m loss last year. The trading result showed a profit of Fl 107.6m against a loss of Fl 180.1m. Turnover rose to Fl 8bn from Fl 7.6bn.

Estel made a loss on minority holdings in the third quarter after a sharp decline in profits in the preceding quarters. Reservations for tax on Estel's profitable operations may exceed the credits available on the loss makers, the company said.

The result of the steel division improved due to higher volume sales and the consequent greater use of capacity. Estel manufactured 6.6m tons of rolled steel products in the first nine months, an increase of 9 per cent on 1977. This reflected a slight improvement in the world steel market and a sharp increase in sales with non-EEC countries. The Dutch plant also booked some considerable incidental orders.

Sales in the U.S. fell 10 per cent to 900,000 tons this year and Estel is seriously concerned about the *impact of higher trigger prices* expected next year. The steel processing division's result was much less favourable in the first nine months, largely because Estel applied EEC prices to internal deliveries.

The decline of the dollar also encouraged increased imports into the EEC. The trading division *had difficulty in passing on* higher prices to customers while in the diversification division the aluminium sector position was unsatisfactory. Estel's two-year cost-cutting programme has already had a marked effect and almost half the cutbacks have been achieved after only nine months.

Estel expects to invest Fl 550 to Fl 600m in 1978 and may spend even more next year. This is much lower than the annual average of Fl 790m in the period 1974-77 though.

It would not be *practical* for Estel to transfer orders from Germany to its Dutch plant if *the German metal workers strike* goes ahead as planned. Customers may decide to place more orders in Holland rather than Germany though.

ABN forming new fund

BY OUR OWN CORRESPONDENT AMSTERDAM, Nov. 23.

ALGEMENE Bank Nederland (ABN) plans to set up a new open-ended investment company which will put its funds into fixed-interest securities, primarily those denominated in guilders. The new company, Algemeen Rentefonds Antillen Alrenta will be listed on the Amsterdam Stock Exchange.

ABN has created 399,990 Ordinary shares and 10 priority shares with a nominal value of Fl 50. These shares have been lodged with the ABN at Fl 100 per share. The Ordinary shares will be traded on the Stock Ex*change and new shares can be* issued as needed. The authorised capital is Fl 100m but this may be increased if necessary.

The distribution policy will be aimed to give shareholders the fiscally most advantageous form of dividend. The annual cash payment will be accompanied by a stock dividend which will be tax free for private Dutch investors. The new company will be domiciled in Willemstad, Curacao, where it will be managed by ABN's local trust company.

Investment advice will be provided by Mees en Hope Management of Switzerland.

ABN will offer participants in its house fund, the ABN-Rentepool, the opportunity to exchange their shares for those of *Alrenta. The Rentepool, which* has assets of more than Fl 40m will be dissolved in December if enough participants agree to the exchange.

Banque Bruxelles Lambert upsurge

By Our Financial Staff

A DRAMATIC increase in profits and an effectively higher dividend were announced yesterday by the second largest bank in Belgium, Banque Bruxelles Lambert.

For the six months ended last September, the bank has emerged with profits of BFr 1.53bn ($50.5m) before tax and depreciation, and proposes to pay a dividend of BFr 40 compared to the BFr 72 paid for the whole of the previous year.

The bank did not produce half year figures in 1977-78, and the latest piece of accounting is the result of a change of financial year from March to September. But by halving last year's profits it is clear that BBL has produced a striking upsurge in earnings.

At the pre-tax and depreciation level, growth on a comparative basis extends to a full 70 per cent. Analysts in Brussels had been expecting an increase of a fifth at the most in line with the way Belgian bank lending and deposits had been expanding.

Net profits of BBL for the half year totalled BFr 131.4m, *up 22.9 per cent from half of* the net earnings reported for the full year 1977-78, or BFrs. 351.15m. The bank paid no tax last year.

Compared with a year ago, BBL's balance sheet rose 21.5 per cent to BFr 520.1bn on September 30.

Salzgitter more optimistic as group losses fall

HANOVER, No. 23.

SALZGITTER, the State-owned West German steel company with major shipbuilding interests, hopes to halve its group net losses in the current financial year, having reduced them by more than a quarter to DM70m ($36m) in 1977-78.

Describing last year's result as unsatisfactory, Hans Birnbaum, the chairman of the supervisory Board said none the less that the bottom of the earnings trough had been reached.

He blamed the continuing steel crisis and the intense competition in the industry, especially from the Far East, for the lack of improvement during 1977-78.

Salzgitter's steel activities had their worst ever quarter in the last three months of 1977, Herr Birnbaum said. The industry now showed signs of recovery, but it was uncertain whether this was the prelude to a long-term improvement or merely a short-term reaction to the EEC measures designed to combat the steel crisis.

The group's total turnover last year—the financial period runs to September 30—was DM8.7bn, against DM8.3bn. As in 1976-77, it will offset its losses by drawing the money from reserves. Salzgitter is capitalised at DM425m.

The steelmaking subsidiary, Stahlwerke Peine-Salzgitter, produced a provisional net loss of DM150m, down from DM180m, on turnover of around DM2.25bn.

The shipbuilding company, Howaldtswerke-Deutsche Werft, *was able to break even by cover*ing its unstated losses from reserves. HDW's turnover amounted to DM1.5bn.

Herr Birnbaum said that the EEC measures drawn up by Viscount Etienne Davignon, the Industry Commissioner, provided only a breathing space in which to reduce capacity and modernise *plant.* But Salzgitter was well on the way to cutting its own crude steel production capacity in the medium term to between 4m and 4.5m tonnes a year from 7m.

The Peine Salzgitter subsidiary produced 3.87m tonnes of crude steel in 1977-78 against 3.75m in 1976-77, while rolled *steel output was 3.21m against* 3.03m, he said.

At present, European steelmakers were operating at an average capacity utilisation rate of 65 per cent, reckoned Herr Birnbaum, who put the figure at a slightly lower 62 per cent back in April.

As for the HDW shipbuilding division, which is 75 per cent owned by Salzgitter, competition in this sector remained tough. The order position had become serious, he added, with barely enough business to last up to the end of 1979.

Accordingly, the group plans to reduce HDW's workforce by 1,500 from around 5,000 in Hamburg and by 500 from around 8,000 in Kiel as part of a three-year rationalisation plan.

Salzgitter's other divisions, including the energy subsidiary, Deutsche Schachtbau- und Tiefbohr-Gesellschaft, all made profits, he added, without giving figures.

The group's fixed capital investment in 1978-79 should remain around the DM 300m level recorded in 1977-78, which was a third lower than the previous year.

Ernst Pieper, the deputy management Board chairman, said that the group's DM 133m purchase of a 23 per cent stake in Sachs AG took a heavy toll on reserves and there were no short-term plans for further acquisitions, either in Sachs or any other company.

He said the link with Sachs, in which Britain's GKN was unable to buy a majority stake, would aid Salzgitter's own plans to create an up-to-date, more diversified company structure.

This would involve synthetic materials research, environmental technology, and large plant construction, he added.

Reuter

BROWN BOVERI

Looking across the Atlantic

BY JOHN WICKS IN ZURICH

THE DECISION of the Swiss-based engineering concern *Brown Boveri to create a special* North American group marks a further step in the company's policy of building up its position in the United States and Canada. New ventures on the U.S. market in particular had been heralded by board president Franz Luterbacher in May, a development made increasingly necessary by difficulties involved in the export of plant from such hard currency countries as Switzerland and Germany.

The Brown Boveri undertaking is already very much of a multinational. While the parent company, BBC AG Brown Boveri & Cie., is Switzerland's third biggest corporation and, with a 1977 turnover of SwFr 2.1bn, the leading Swiss machine-builder, the 56 per cent owned German affiliate—Brown Boveri & Cie. AG in Mannheim—had sales of DM 3.83bn last year and thus played a more important role in the group. The third major group-within-a-group is that of the French Cie. Electro-Mecanique (CEM), whose 1977 turnover totalled FFr 2.12bn.

Even these substantial sums do not add up to the group sales total of SwFr 8.19bn ($4.73bn) recorded last year. Actual production takes place in no less than 25 other countries, too, among them the United Kingdom, where the group has a stake of just over half in the £65.8m engineering company Brown Boveri Kent, of Luton, and owns the London-based British Brown Boveri Ltd.

*There had already been a con*siderable expansion of the scope of Brown Boveri Corporation, of North Brunswick, New Jersey, since the Swiss group headquarters had given up a certain caution with regard to American *manufacturing activities.*

The existing U.S. subsidiary, whose turnover first passed the $100m mark last year, took over the gas turbines division of the Turbodyne Corporation (a Studebaker Worthington company) at

Franz Luterbacher

Brown Boveri's moves to strengthen its North American activities, reflecting the problems of operating from hard currency Switzerland, were heralded in May by board president Franz Luterbacher (left)

the end of 1977 after Brown *Boveri-licensed equipment* had been built in its factories for years. Capacities of the St. Cloud, Minnesota, plant of the $80m-a-year division, now renamed Brown Boveri Turbomachinery, are being expanded. Also last year, a joint-venture production unit was set up together with Ceramic Magnetics under the name of Brown Boveri-Recenda in Fairfield, New Jersey.

Two further developments were announced this August. A joint venture was set up in the field of equipment for the transmission and *distribution of electricity* with the American concern Gould Inc., which contributed its $200m electrical systems division to the new company Gould-Brown Boveri. Licences will be provided by the Swiss partner.

A few days later, the acquisition was announced of the Control System Industries division (CSI) of Life Corporation of Massachusetts. The Santa Clara, California plant has A$8m turnover.

In Canada, where the Brown Boveri group bagged a huge C$360m contract from Ontario Hydro in September for six steam turbine aggregates, turnover of Brown Boveri Canada Ltd., of Pointe Claire, had already doubled over 1977—although translation losses led to unsatisfactory profitability. Like the U.S. operation, the *Canadian subsidiary now moves* from "Brown Boveri International" to the North American *Group, to start working under* its own managing director on January 1.

The stress on boosting foreign sales, especially in the power-station equipment field, and obviating the difficulties of exports from the European Continent has also just led to an ambitious project in South Korea. By 1986 this country is planning the creation of no fewer than 40 new power stations and by the end of the century some 43 nuclear power stations alone are foreseen, according to the Zurich newspaper Neue Zuercher Zeitung.

This is the reason for the joint venture, announced this week, with the Daewoo Heavy Industries concern of Daewoo Electric Company. This is to manufacture complete steam turbo-groups under Brown Boveri licence for oil-fired and nuclear power-stations. In the next three years a $130m plant is to be built in the Chang Wong industrial zone after actual production begins in existing Daewoo group installations. Brown Boveri was very gratified last year by the granting of orders for three 400-megawatt aggregates for the Ulsan thermal power station—a contract which avoided employment problems in the parent company's heavy machinery division in Switzerland.

French banks lift capital

PARIS, Nov. 23.

UNION de Banques Arabes et Francaises (UBAF) has increase its capital to FFr 250m from *FFr 150m by* issuing cash shares of FFr 1,000 par value. UBAF's main shareholder is UBAC Nederland B.V.—a wholly-owned subsidiary of UBAC Curacao N.V. —with a 60 per cent interest. Credit Lyonnais has a 30 per cent stake.

*Meanwhile, Banque Libano-*Francaise (France), a unit of the Suez group, intends to increase its calpital to FFr 13m from FFr 10m through the incorporation of reserves. Following this operation, the bank will increase its capital by a further FFrs.5m by issuing new cash shares on a one-for-three basis.

AP-DJ

Schering purchase seen as major U.S. move

BY LESLIE COLITT BERLIN, Nov. 23.

THE LATEST acquisition by Schering of West Berlin—the purchase of the chemicals products division of Ashland Oil for some $60m—looks to be a major attempt by the German pharmaceuticals and chemicals group to expand in the U.S.

Turnover of the Ashland division last year totalled $110m which means that, in terms of *sales at least, it is far larger* than the two other wholly-owned Schering companies in the U.S.

Before the second world war Schering was heavily involved in the American market but its assets were impounded by the U.S. Government and the American company was integrated into Schering Plough Pharmaceuticals. German Schering, based in West Berlin, had to start all over again in the U.S.

Ashland Oil Inc. in Ashland, Kentucky, *says the transfer to* Schering will be completed by January 1979. The chemical products division has some 500 employees and is described as one of the leading companies in lubrication chemistry. Production consists *largely of* fatty acids and their derivatives which are used to produce washing powder, varnish, plastics and cosmetisc.

The largest of the chemical products division factories is in Mapleton, Illinois, with other plants in Janesville, Wisconsin and Oakland, California.

The company says it is still interested in further U.S. acquisitions

Philipp Holzmann orders up

FRANKFURT, Nov 23.

PHILIPP HOLZMANN, one of West Germany's two largest construction companies, said that its order inflow in the 12 months to *September 30 reached* DM 6.23bn ($3.24bn), more than 41.4 per cent higher than the preceding year.

Boosted by a heavy Saudi Arabian order, the foreign inflow jumped by 49.1 per cent to DM 4.78bn in the period, while the domestic order inflow rose 20.8 per cent to DM 1.46bn.

Foreign business increased in the first nine months of 1978 to reach 56 per cent of Holzmann's total contracts.

Building production in the first threequarters of 1978 reached DM 2.8bn, up 20.7 per cent. Foreign production rose sharply by 41.3 per cent in the first nine months to DM 1.56bn.

AP-DJ

Inversiones of Panama bids for Schuler

ZURICH, Nov. 23.

THE Panama holding company Sociedad de Inversiones Continente SA, which has participation in the international textile industry, intends to take over the Swiss spinning plant Schuler, of Rueti. The existing owner of the plant AEE is currently involved in bankruptcy proceedings. The Panama company is expected to make a purchase offer for the plant, and expand its output with the investment of new funds.

The Indian company Birla International had rented the premises but has decided not to extend the contract over the end of this year in view of the SFr exchange rate.

● The Swiss manufacturer of fire-protection products, Cerberus AG, of Maennendorf, announces that it plans to start production activities in the U.S., and the acquisition of a small-to medium-sized American company is expected. Cerberus' exports to the U.S. market have been worth several million dulars a year.

Another sale at Haw Par

BY OUR FINANCIAL STAFF

HAW PAR BROTHERS International, of Singapore, has announced another major sale of investment—its 31.73 per cent stake in Island and Peninsula Development, to Tradewinds (Malaysia) for S$30.51m (\$US13.6m).

The profit before expenses on the sale is put at about S$14.5m over the current book value. It will be used to reduce group debt, pending re-investment, Haw Par said last night.

The 9.5m shares in Island and Peninsula now being sold are priced at S$3.21 each—compared with the last traded price on the Singapore Stock Exchange before the announcement of S$2.80. The necessary consents for the sale, Haw Par announced, had been obtained.

The sale follows Haw Par's disposal, announced in August, of the greater part of its 16.5 per cent stake in Cheung Kong Holdings, the Hong Kong property development company, for S$66.56m. Haw Par retained a 5 per cent interest under the sale agreement with Mr. Li KaShing, chairman of Cheung Kong.

Other recent developments at Haw Par have seen the resignation, in July, of the company's chief executive, Mr. George Magnus, because of policy differences, and the acquisition of a significant stake in the company by the United Overseas Bank group, of Singapore.

In the first half of 1978, the Haw Par group sustained a net loss of S$975,000, against a profit of S$2.54m in the six months to June, 1977. For the whole of 1977, it cut its net loss to S$3.13m, from S$48.3m in 1976.

● Haw Par has announced that Crosshon Investment, Haw Par Properties (Hongkong), Ormonde Investments, Swift Investments, Empire Manufacturers, and Haw Par Pharmaceuticals International are being liquidated to simplify corporate structure.

Names of two subsidiaries are being changed. Cobra Investments to Dynasty Salons and Dynasty Manufacturing to Mantex International Trading Company.

Advance at Chemical Malaysia

CHEMICAL COMPANY of MALASIA (CCM), in which ICI group of companies has an interest, has reported a 29 per cent improvement in pre-tax profits for the financial year ending September, writes Wong Sulong from Kuala Lumpur.

It is increasing its annual dividend from 42.5 per cent to 50 per cent.

Pre-tax profits rose from 20.5m ringgit to 26.4m ringgit (\$U.S.11.8m) although profits after tax and depreciation was only 10.8m ringgit.

Air-India carries over 1m passengers

By K. K. Sharma

NEW DELHI, Nov. 22.

AIR-INDIA, the Government owned international airline, made record profits and carried more than a million passengers for the first time in 1977-78, it was announced here today. Net profits, at Rs 284.50m *(about \$30m) rose* by more than 60 per cent from previous year's Rs 175.9m.

With 1.04m passengers carried during the financial year, the growth in traffic registered was 5 per cent.

There was also a substantial increase in foreign exchange earnings, the net figure rising to Rs 692.9m from Rs 445.7m. More mail was carried, yielding *Rs 33.35m, for a gain of* Rs 6.6m.

The total capital provided by the Government to Air-India remained at Rs 668.2m on March 31, divided equally between equity and loan. Because of the satisfactory financial position, the loan of \$2m taken from the State Bank of India, New York, to meet the foreign exchange costs of modification to Boeing 747 aircraft was *repaid during the* year, earlier than scheduled.

Air-India's chairman is Air Marshal P. C. Lal who also heads the domestic Indian Airlines. He replaced Mr. J. R. D. Tata, chairman of the Tata group of companies, earlier this year in a controversial move.

ACC proposes massive cement investment plan

BY R. C. MURTHY

BOMBAY, Nov. 23.

ASSOCIATED CEMENT Companies (ACC) proposes to undertake a Rs 1.5bn (\$180m) investment plan. It is the largest cement company in the country with an installed capacity of 7.1m tonnes. Its subsidiary, ACC-Vickers-Babcock (AVB), produces cement and other heavy machinery. ACC proposes to add 2m tonnes additional capacity over the next three years by expanding three existing cement plants and by setting up a new one at an altogether new location at the Himalayan foothills.

The company is introducing into the country the sophisticated precalcinator technology, arrangements for which are made with a Japanese company. A single plant of 1m tonnes based on this technology is to be set up at its *Wadi works to secure economies* of scale.

The one-third capacity increase within three years of this 42-year-old company is possible, because of a change in the Government's policy, encouraging expansion in the cement industry. Capital costs have more than doubled after the world oil price rise and the return on investment in the cement industry is low because of official price controls. The Government has now agreed to allow a 12 per cent post-tax return on net worth. Restrictions on "large" business houses, defined as having fixed assets of more than Rs 200m, are relaxed to allow investment in cement with a view to bridging the wide gap between supply and demand.

The attack on the cement shortage is two-pronged. In view of the long gestation period, the government is encouraging the establishment of what it calls mini-cement plants (30 tonnes-per-day capacity by small entrepreneurs. This fits in with the Janata Government's philosophy of encouraging the small man. The promoter's contribution is reduced to 10 per cent of the plant cost, the remaining 90 per cent coming from public financial institutions. Still the response is not encouraging because of doubts over the viability of shaft kiln technique evolved by a national research institute. Impressed by the rotary kiln technology developed in West Germany, the industry minister, Mr. George Fernandes, is considering its import as well.

While the large cement units are gradually increasing the size of plants from the once standardised 600 tpd to 3,000 tpd, to secure economies of scale, new businessmen are being encouraged to set up mini-cement plants. ACC could not exploit the spurt in demand for cement last year. Its cement output rose marginally, by 46,000 tonnes to 6.44m tonnes in the year ended July. It had to contend with constraints such as the non-availability of railway wagons, restrictions on power consumption and coal shortage.

As a result the increase in *turnover from Rs 1.42bn in 1976-*1977 to Rs 1.46bn was limited. The company, however, maintained profitability, despite rising costs, because of a reduction in interest charges, brought about by economy in the use of working capital, and the maiden dividend from its subsidiary AVB.

The gross profit at Rs 110m in 1977-78 was lower by Rs 0.18m than in the previous year. The reduced tax burden, arising with the phasing of investment making it eligible for rebate, enabled ACC to show a net profit of Rs 104.5m in 1977-78, against Rs 95.3m in 1976-77.

Resignation halts Birla inquiry

AN EIGHT-YEAR old investiga*tion into charges of malpractices* against the Birla group of companies—the second largest conglomerate in India—has been stalled by the resignation of the chairman of the Commission of Inquiry, Mr. Justice A. K. Sarkar, writes K. K. Sharma from New Delhi.

The Prime Minister, Mr. *Morarji Desai, disclosed this to*day to Parliament and said the Government was now considering whether it would be advantageous to revive the inquiry which had become unduly prolonged because of repeated injunctions.

Nippon Miniature Bearing . . . is a Japanese conglomerate that realised six years ago that exporting from Japan would sooner or later cease to pay. Now it employs 2,500 workers in Singapore, and may employ twice that number in a year or two . . .

The offshore conglomerate

BY CHARLES SMITH

FROM NEXT year onwards anyone who *buys a printer-calculator* bearing the brand name of a certain well known European office machinery maker, may in fact be acquiring a machine made in Singapore by Nippon Miniature Bearing Company. NMB, as it usually calls itself for short, is a Japanese conglomerate that has moved outside Japan. It has done so because its chairman realised, as long ago as 1972 — the year after Japan's first yen revaluation —that exporting from Japan would sooner or later cease to be a paying proposition.

NMB's original line of business at its Karuizawa factory in the mountains west of Tokyo was making miniature and precision bearings for the computer, Aircraft and domestic appliance industries. The company chose Singapore, six years ago, as an offshore manufacturing base for bearings because the Republic had a good location, was prepared to give five-year tax holidays to selected foreign enterprises and had plenty of labour. The bearings plant at Chaichee in eastern Singapore was a success and now produces 70 per cent of NMB's world-wide bearing output, in volume terms. That encouraged NMB to set up two more Singapore plants—one at Jurong, for screws and calculator parts, and one in Kallang (just *east of downtown Singapore*) for calculator and printer assembly.

NMB now employs 2,500 workers in Singapore, but may employ twice that number in a year or two when its printer-calculator operation gets into full swing, with an eventual output of 100,000 units per month. Its Singapore production lines are turning out products that are not made, and never will be made, by the parent company in Japan and they are making things—not merely assembling them.

Mr. H. Takeshita, in charge at the Kallang calculator plant, which employs the largest workforce of the three NMB factories in Singapore, says that about 70 per cent. of the value of the products he is responsible for is locally produced, including the printers, which NMB makes itself, and the electric motors which are bought from another Japanese company's Singapore factory. A 70 per cent local content means that NMB products qualify for tariff preference in the U.S. and Europe—or at least that they will qualify for as long as Singapore manages to retain its status as a developing nation.

One important item which NMB does not purchase locally, and probably never will, is the steel from which its precision bearings are made. This, however, has scarcely been a drawback, given that, for much of the six years, the Japanese steel industry has been selling its steel, fob Singapore, at lower prices than it has charged, ex factory, in Japan.

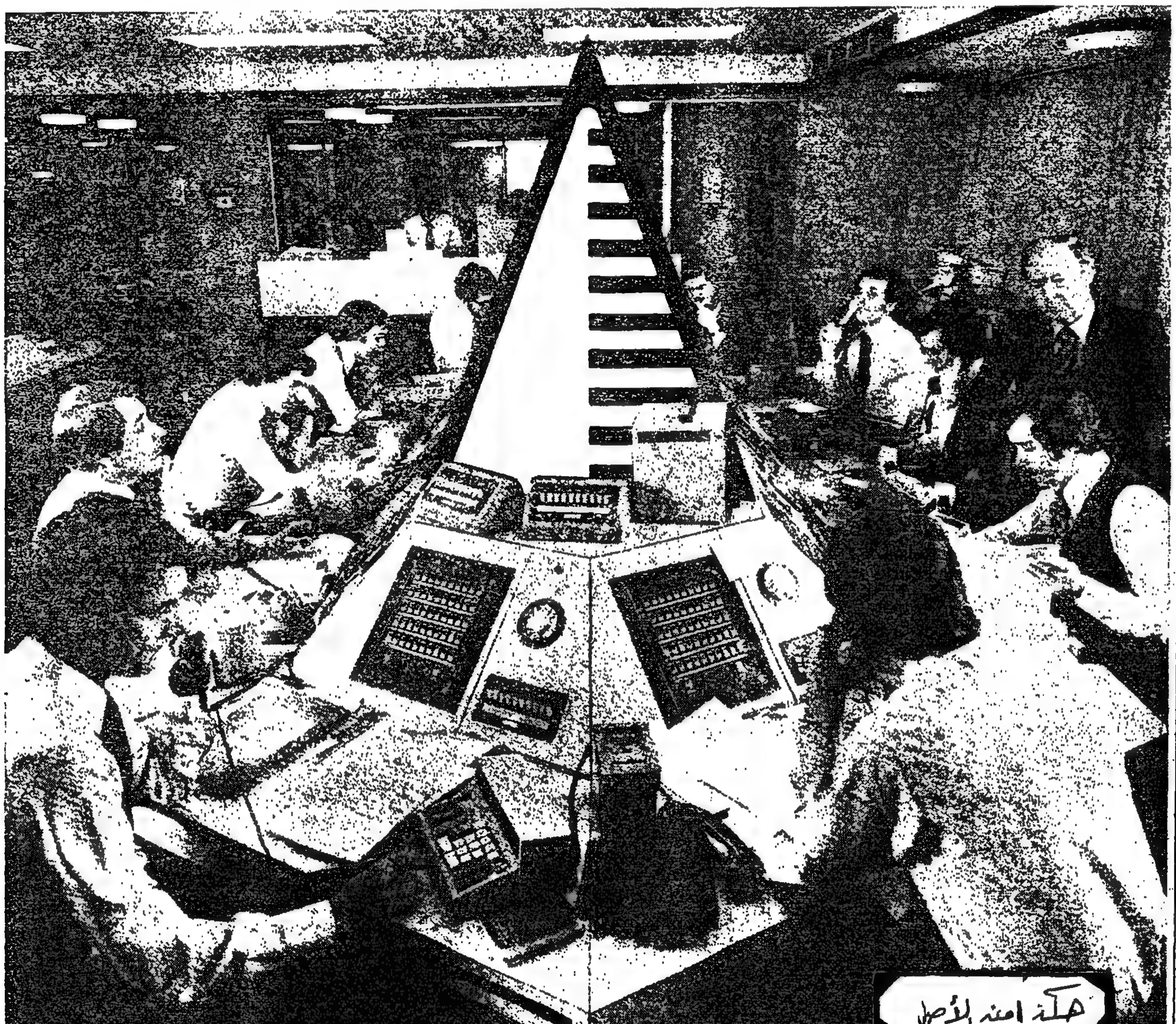
Mr. Takeshita calculates that production costs in Singapore today are 15 to 20 per cent less than in Japan, largely because labour is more plentiful and far less costly. Labour turnover was a "problem" when NMB first started operations at Kallang: "We were losing about 50 per cent of our workforce every month when we started," says Mr. Takeshita, but things have settled down now—though problems could crop up again when the company has to take on 2,000 or more new recruits in the next year or so.

NMB's Kallang workers are young (mostly in the 18 to 20 age group) and come from residential areas immediately abutting on the "flatted factory" estate in which the company has its main assembly operation. Labour is harder to find in the Jurong industrial estate in Western Singapore, where the NMB parts-pressing operation is located, but the workforce there numbers only 130 people, or less than a tenth of the NMB total.

As NMB's Singapore output grows, production in Japan is being steadily reduced in volume terms—but not in value, since more and more highly specialised products are being produced at the Karuizawa plant. The shift from Japan to Singapore (and to Los Angeles where another NMB bearings plant exists to supply the U.S. market) has not made the company into a multinational—at least not into what Western business would normally understand by this term. The *management* is firmly in Japanese hands, and NMB (Singapore) is a wholly-owned subsidiary of the parent company in Japan.

Singapore, not Japan, however, has provided the capital for expansion and will continue to do so, next year, when NMB goes into a joint venture with Omega Watch of Switzerland for the production of watch cases (production target: 1m pieces by 1980). Borrowing in Singapore makes sense because it cuts out the exchange risks that would be involved in yen financing. It is also easy because the Republic boasts well over 80 banks, including 70 of the world's 100 largest.

NMB's Singapore success story has one characteristic in common with that of Yaohan (described yesterday). The men in charge are in both cases relative newcomers to their companies. Mr. Takeshita, who is director of NMB Japan and assistant managing director of the company's Singapore operation, came to NMB only after the general trading company he had worked for originally was taken over and "reorganised" by a larger competitor. Job switching in the traditional world of Japanese business is definitely not done, and tends to cast something of cloud over the future careers of those who indulge in it. When it comes to expanding Japan's business presence overseas the practice seems to have its advantages.

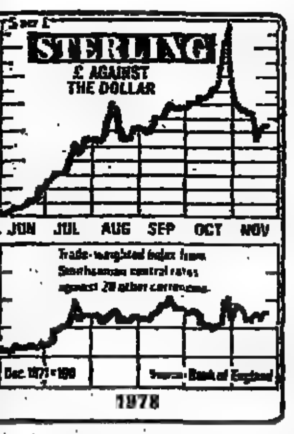


Currency, Money and Gold Markets

Dollar eases in quiet trading

The dollar finished above the day's lowest levels, but generally below the previous close, in very quiet trading yesterday. It fell to DM 1.9120 against the D-mark, and closed at DM 1.9187½, compared with DM 1.9232½ on Wednesday, while touching a low point of SwFr 1.7120 in terms of the Swiss franc, before closing at SwFr 1.7190, compared with SwFr 1.7262½ previously.

European central banks may have intervened in a small way at the lower levels, but trading was very thin, reflecting the closure of New York for Thanksgiving Day. The Tokyo market was also closed yesterday for a public holiday, while in London the U.S. currency fell to Y193.40



against the Yen, and finished at Y194.10, compared with Y194.20 on Wednesday.

Sterling touched a low point of $1.9445-1.9455 in the afternoon, and closed at $1.9450-1.9460, a fall of 10 points on the day. The pound opened at $1.9515-1.9525, and rose to a best level of $1.9550-1.9560. Its trade-weighted index, as calculated by the Bank of England, was unchanged at 62.5, after standing at 62.5 at noon, and 62.6 in early trading. There may have been a slightly adverse reaction to the 40 per cent wage claim of the National Union of Mineworkers, but business was very thin, petering out almost completely before the close.

PARIS—The dollar improved in very thin late trading, largely as a reflection of technical adjustments. It rose to FFr 4.4075, from FFr 4.3962½ at mid-morning, but still down from the previous closing level of FFr 4.4130. Other currencies showed little change against the franc, with the D-mark finishing at FFr 2.2960, compared with FFr 2.2935 in the morning, and FFr 2.2925 late Wednesday. The Swiss franc ended at FFr 2.5595, against FFr 2.5545 in early trading, and FFr 2.5425 at the previous close. Sterling closed at FFr 8.5815, down from FFr 8.5930 in the morning, and FFr 8.6050 on Wednesday.

AMSTERDAM—In late trading the dollar improved to Fl 2.0845 against the guilder, from Fl 2.0790 at the fixing. The previous fixing level was Fl 2.0945. It was forecast by the Dutch Economics Minister that Holland's current account deficit may be one to two billion guilders this year, compared with a surplus of 1bn last year.

MILAN—The dollar was slightly above its fixing level in quiet afternoon trading yesterday, rising to L847.85, from L847.80 against the lira at the fixing. The previous fixing level was L850.95. In contrast to the easing of the dollar at yesterday's fixing, the yen and major European currencies all gained ground against the lira. The Bank of Italy sold about half of the $14.2m traded at the fixing. A move to ease the restrictions on foreign trade was announced by the Italian authorities, raising the number of days that exporters or importers are allowed to hold foreign currency to 15 days from seven. This takes effect immediately, and reflects the improvement of the lira, and Italy's balance of payments position.

FRANKFURT—The Bundesbank bought about $3.9m when the dollar was fixed at DM 1.9153 against the Deutsche Mark compared with DM 1.9287 previously. In extremely quiet late trading the U.S. currency rose slightly to DM 1.9180, unchanged from the early morning level. The day was described as uneventful, with movements within a range of DM 1.9113 to DM 1.9195.

ZURICH—With no fresh news to influence trading the dollar drifted down in dull early trading. There was no sign of any intervention by the Swiss National Bank, and by mid-morning the dollar stood at SwFr 1.7137½ against the Swiss franc, compared with an early rate of SwFr 1.7205.

THE POUND SPOT / FORWARD AGAINST £

Nov. 23	Bank rate %	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	9½	1.9445-1.9560	1.9450-1.9460	0.40-0.30c pm	2.16	1.00-0.90c pm	2.12
Canadian $	10⅜	2.2785-2.2915	2.2790-2.2800	0.55-0.45c pm	2.63	1.75-1.65c pm	2.81
Guilder	6½	4.04-4.07½	4.04½-4.05½	1½-½c pm	2.90	4⅞-3⅞ c pm	4.32
Belgian F	6	58.50-58.85	58.65-58.75	10 par	1.02	55-45 c pm	3.40
Danish K	8	10.55½-10.65	10.55½-10.64½	1¾-5½ ore dis	-3.12	4½-6½ ore dis	-2.15
D-Mark	5	3.72½-3.76½	3.73-3.74	3¼-2¼ pf pm	9.25	10-9 pf pm	10.17
Port. Esc.	18	90.75-91.40	90.80-91.00	55-130c dis	-16.58	140-220 c dis	-9.43
Span. Pes.	8	138.90-139.20	139.00-139.10	30c pm-60c dis	-3.35	140-290 c dis	-5.75
Lira	10½	1,642-1,658	1,648½-1,649½	1-5 lire dis	-0.29	18-15 lire dis	-0.28
Nrwgn. K.	7	9.96-10.05	9.96½-9.97½	2 ore pm-par	1.20	5½-1½ ore pm	1.00
French Fr.	9½	8.56-8.59	8.56½-8.57½	4½-3½c pm	6.25	10¾-8¾ c pm	4.55
Swedish Kr	6½	8.56½-8.60½	8.57-8.58	3½-1½ ore pm	3.15	8½-6½ ore pm	3.61
Yen	3½	375-384	377-379	4.00-3.70y pm	12.01	10.25-10.90y pm	11.68
Austria Sch.	4½	27.40-27.45	27.32-27.37	15-5gro pm	5.70	54-45 gro pm	7.02
Swiss Fr.	1	3.34½-3.37½	3.34-3.35	3½-2½c pm	12.11	11½-10½ c pm	13.30

Belgian rate is for convertible francs. Financial franc 60.10-60.20.

Six-month forward dollar 2.00-2.10c pm. 12-month 3.95-4.05c pm.

THE DOLLAR SPOT / FORWARD AGAINST $

November 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canad'n $*	85.28-85.37	85.33-85.36	0.03-0.05c pm	0.21	0.16-0.19c pm	0.80
Guilder	2.0770-2.0825	2.0790-2.0805	0.25-0.15c pm	1.42	1.30-1.20c pm	2.40
Belgian Fr	30.13-30.18½	30.13-30.15	1c dis-1c pm	—	10-7c pm	1.13
Danish Kr	5.3070-5.3230	5.3150-5.3175	2-2½ ore dis	-5.07	5½-6 ore dis	-4.05
D-Mark	1.9145-1.9205	1.9195-1.9205	1.15-1.10pf pm	7.10	3.06-3.10 pf pm	7.00
Port Esc	46.70-46.90	46.70-46.90	50-150c dis	-27.96	150-500c dis	-27.24
Span Pta	71.27-71.42	71.40-71.45	12-32c dis	-3.70	122-152c dis	-7.52
Lira	847.60-849.30	847.60-848.10	3.20-3.70lire dis	-4.73	10-11 lire dis	-4.96
Nrwgn. Kr	5.1175-5.1310	5.1230-5.1250	0.50-0.40ore dis	-1.05	1.90-2.30ore dis	-1.11
French Fr	4.3910-4.4150	4.4100-4.4150	1.10-0.90c pm	3.27	2.80-2.64c pm	1.51
Swedish Kr	4.4045-4.4075	4.4065-4.4075	0.65-0.45ore pm	1.50	1.90-1.70ore pm	1.60
Yen	193.55-194.20	194.00-194.20	1.67-1.57y pm	10.07	4.70-4.55y pm	9.34
Austria Sch	13.99-14.04	14.02-14.04	5.25-4.25gro pm	4.06	16-14 gro pm	4.28
Swiss Fr	1.7155-1.7232	1.7185-1.7200	1.09-1.04c pm	0.85	4.86-4.81c pm	10.94

* U.S. cents per Canadian $.

CURRENCY RATES

November 22	Special Drawing Rights	European Unit of Account
Sterling	0.654452	0.671851
U.S. dollar	1.27376	1.30695
Canadian dollar	1.49370	1.53418
Austrian schilling	17.9568	18.4914
Belgian franc	38.6441	39.6421
Danish krone	6.80647	6.98962
Deutsche Mark	Unavail.	Unavail.
Guilder	2.66785	2.73693
French franc	5.63866	5.72077
Lira	1083.97	1112.56
Yen	248.256	254.632
Norwegian krone	6.56967	6.73832
Peseta	92.1630	93.5252
Swedish krona	5.62176	5.76668
Swiss franc	2.20806	2.26708

CURRENCY MOVEMENTS

November 23	Bank of England Index	Morgan Guaranty changes %
Sterling	62.50	Unavailable
U.S. dollar	84.60	..
Canadian dollar	80.32	..
Austrian schilling	143.98	..
Belgian franc	113.09	..
Danish krone	117.11	..
Deutsche Mark	147.29	..
Swiss franc	191.46	..
Guilder	122.92	..
French franc	97.77	..
Lira	54.57	..
Yen	150.18	..

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Nov. 23	£	$		£ Note Rates
Argentina Peso	1,835-1,859	943.20-945.26	Austria	27-28
Australia Dollar	1.7060-1.7110	0.8769-0.8770	Belgium	60-61½
Finland Markka	7.85-7.86	4.0375-4.0396	Denmark	10.35-10.50
Brazil Cruzeiro	38.45-39.46	19.76-20.28	France	8.50-8.70
Greek Drachma	71.298-73.042	36.65-37.54	Germany	3.70-3.80
Hong Kong Dollar	9.4075-9.4275	4.8370-4.8420	Italy	1630-1700
Iran Rial	136.50-136.90	70.40-71.70	Japan	377-387
Kuwait Dinar (KD)	0.530-0.540	0.2724-0.2776	Netherlands	4.00-4.10
Luxembourg Franc	58.65-58.75	30.16-30.19	Norway	9.95-10.10
Malaysia Dollar	4.2850-4.3000	2.2100-2.2150	Portugal	90-100
New Zealand Dollar	1.8582-1.8682	0.9533-0.9565	Spain	139-143
Saudi Arabia Riyal	6.53-6.63	3.3665-3.4079	Switzerland	3.30-3.40
Singapore Dollar	4.2920-4.3070	2.2115-2.2125	United States	1.9435-1.9525
South African Rand	1.6870-1.7150	0.8671-0.8805	Yugoslavia	41-43

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Nov. 23	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.946	3.738	378.0	8.580	3.345	4.048	1649	2.280	58.70
U.S. Dollar	0.514	1.	1.920	194.3	4.404	1.719	2.080	847.6	1.172	30.17
Deutsche Mark	0.268	0.521	1.	101.2	2.294	0.896	1.084	441.5	0.610	15.72
Japanese Yen 1,000	2.646	5.147	9.881	1000.	22.67	8.849	10.71	4362	6.030	155.3
French Franc 10	1.167	2.271	4.359	441.2	10.	3.904	4.724	1925	2.661	68.51
Swiss Franc	0.299	0.582	1.117	113.0	2.561	1.	1.210	493.0	0.681	17.55
Dutch Guilder	0.247	0.481	0.923	93.39	2.117	0.826	1.	407.4	0.565	14.50
Italian Lira 1,000	0.606	1.180	2.265	229.2	5.196	2.029	2.455	1000.	1.382	35.60
Canadian Dollar	0.439	0.853	1.639	165.8	3.758	1.467	1.776	723.4	1.	25.75
Belgian Franc 100	1.704	3.314	6.363	644.0	14.60	5.698	6.895	2809	3.883	100

EURO-CURRENCY INTEREST RATES

Nov. 23	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	12-12½	9⅝-9⅞	8½-9½	8¼-8¾	-⅛-⅛	3⅛-3½	7-7½	7-10	—	[illegible]
7 day's notice	12¼-12¾	9¾-10	8½-9½	8¼-8¾	-⅛-⅛	3½-3⅝	7-7¼	11-12	9⅞-10	[illegible]
Month	12½-12¾	10⅛-10⅜	9⅝-10	8⅝-8⅞	[illegible]	3⅛-3¼	7⅛-7⅜	14-15	10⅛-10¼	[illegible]
Three months	13⅞-14⅛	11⅛-11⅜	10⅛-10⅜	9-9¼	⅛-¼	3⅛-3⅜	9-9¼	15-16	11⅛-11⅜	[illegible]
Six months	14¼-14½	11⅞-12⅛	10⅛-10⅜	8⅝-8⅞	⅛-½	3⅛-3⅜	9⅛-9⅜	16-17	11⅛-11⅜	[illegible]
One year	14⅛-14⅜	11⅛-11⅜	10⅛-10⅜	8⅜-8⅝	1⅛-1⅜	4-4½	10⅛-10⅜	16½-17½	11⅛-11⅜	[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.15-10.25 per cent; three months 11.30-11.40 per cent; six months 11.60-11.70 per cent; one year 11.40-11.50 per cent.

Long-term Eurodollar deposits: Two years 10⅞-10⅞ per cent; three years 10⅝-10⅞ per cent; four years 10⅝-10⅞ per cent; five years 10-10¼ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

French call money eases

Rates for day-to-day credit against private securities continued to decline in the Paris money market yesterday, and reached their lowest level since early February, 1978, at 6⅝ per cent. This was ⅛ per cent lower than Wednesday's level of 6¾ per cent, although market sources suggested that this merely reflected the high liquidity situation caused by sustained inflows of foreign funds. Others cited the decline as a reflection of official confidence in the French franc. Longer-term rates were also easier although one-month money was unchanged at 6⅞-6¾ per cent. Three-month funds fell to 6{15/16}-7{1/16} per cent from 7-7⅛ per cent while the six-month rate was quoted at 7-7{3/16} per cent compared with 7-7¼ per cent. Twelve-month money eased to 7{11/16}-7{13/16} per cent from 7{13/16}-8{1/16} per cent.

FRANKFURT—Interests rates showed a mixed trend yesterday, with call money rising to 3.45-3.55 per cent from 3.0-3.5 per cent, and one-month money at 3.4-3.5 per cent compared with 3.1-3.2 per cent on Wednesday. The three-month rate fell from 3.85-4.0 per cent to 3.7-3.8 per cent as did the six-month rate from 4.0-4.1 per cent to 3.8-4.0 per cent. Twelve-month funds were unchanged at 4.1-4.2 per cent.

AMSTERDAM—Call money rose to 9-9½ per cent from 8¼-8¾ per cent while longer term rates tended to ease. One-month fell to 8½-8¾ per cent from 9-9¼ per cent and the three-month rate was quoted at 8¾-9¼ per cent, down from 9-9½ per cent previously. Six-month money was also easier at 8⅝-8⅞ per cent compared with 8⅞-9 per cent on Wednesday.

BRUSSELS—Deposit rates for the Belgian franc (commercial) showed very little change from one-month at 9⅝-9⅞ per cent through to six-month at 9⅝-9⅞ per cent. However one year deposits eased slightly from 9-9¼ per cent on Wednesday to 8¾-9⅛ per cent yesterday. Call money was quoted at 5.80 per cent, down from the previous figure of 6.0 per cent.

MILAN—Money market rates again showed little change with call money at 10½-10¾ per cent, one-month money at 10¾-11 per cent, two-month money at 11-11¼ per cent, and three-month funds at 11⅛-11⅜ per cent.

HONG KONG—Conditions in the money market were easy with call money at 8½ per cent and overnight business dealt at 6⅞ per cent.

GOLD

Further rise

Gold rose $2 in the London bullion market to close at $202¾-203¼ in quiet nervous trading, influenced by the closure of the New York market. The metal opened at $201¾-202¼, and was fixed at $201.35 in the morning. It was generally firmer later, however, and was fixed at $202.30 in the afternoon.

In Paris the 12½-kilo gold bar was fixed at FFr 28,580 per kilo ($201.87 per ounce) in the afternoon, compared with FFr 28,600 ($202.51) in the morning, and FFr 28,250 ($198.77) Wednesday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 12,490 per kilo ($202.79 per ounce), compared with DM 12,380 ($199.73) on Tuesday.

	Nov. 23	Nov. 22
Gold Bullion (a fine ounce)		
Close	$202¾-203¼	$200¾-201¼
Opening	$201¾-202¼	$198¾-199¼
Morning fixing	$201.35 (£103.660)	$197.80 (£101.529)
Afternoon fixing	$202.30 (£103.955)	$199.00 (£102.140)
Gold Coins domestically		
Krugerrand	$211½-213½ (£108½-109½)	$208½-210½ (£107-108)
New Sovereigns	$60½-62½ (£31-32)	$59½-61½ (£30½-31½)
Old Sovereigns	$58½-61½ (£30½-31½)	$58½-59½ (£30-31)
Gold Coins internationally		
Krugerrand	$206-210 (£106½-107½)	$205½-205½ (£104½-105½)
New Sovereigns	$54-56 (£27½-28½)	$52½-54½ (£27-28)
Old Sovereigns	$58½-61½ (£30½-31½)	$56½-58½ (£30-31)
$20 Eagles	$286-290	$285-287
$10 Eagles	$148-151	$143-146
$5 Eagles	$97-102	$94-97

MONEY RATES

NEW YORK

Prime Rate	11
Fed Funds	9.6875
Treasury Bills (13-week)	8.75
Treasury Bills (26-week)	9.0

GERMANY

Discount Rate	3
Overnight	3.50
One month	3.45
Three months	3.75
Six months	3.90

FRANCE

Discount Rate	9.5
Overnight	6.625
One month	6.8125
Three months	7.0
Six months	7.125

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.25
Bills Discount Rate	4.625

UK MONEY MARKET

Free credit supply

Bank of England Minimum Lending Rate 12½ per cent (since November 9, 1978)

Day-to-day credit was in good supply in the London money market yesterday, although the surplus did not turn out to be as great as originally forecast. The authorities intervened by selling a small amount of Treasury bills direct to the discount houses. The latter were paying up to 12 per cent for secured call loans for a greater part of the day before closing balances were taken between 10½ per cent and 10¾ per cent.

The market was faced with a moderate net take-up of Treasury bills to finance and also the repayment of Wednesday's official advances. On the other hand banks brought forward balances a modest way above target, and there was a moderate decline in the note circulation. This was in addition to a moderate excess of Government disbursements (mainly the rate support grant and gilt dividends) over revenue transfers to the Exchequer.

In the interbank market, overnight loans opened at 12¼-12¾ per cent and eased on the forecast of a surplus to 11¾-11½ per cent, where they stayed for most of the morning and early afternoon. Rates then eased to 10½-10¾ per cent, briefly touched 11¾-12 per cent and closed at 11-11½ per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Nov. 23 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills	Eligible Bank Bills	Fine Trade Bills
Overnight	—	10½-12½	—	—	—	12	10½-12	—	—	—
2 days notice	—	—	11⅝-12	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	12⅜	—	—	—	—
7 days notice	—	11⅞-12½	11⅞-12⅛	—	12⅝	—	11¾-11⅞	—	—	—
One month	12⅝-12½	12⅛-12⅜	11⅞-12	12¼-12½	12⅝	12⅝	11⅞	11⅞-11⅝	12⅛	12¼
Two months	12⅛-12⅛	12½-12⅝	—	11⅝-11⅞	12⅝	12⅝	11⅞	11½-11⅝	11⅞-12⅛	12⅜
Three months	12⅛-12⅛	12⅛-12⅛	11¾-[illegible]	11½-11⅝	12⅞	—	11⅝	11⅝-11⅝	11⅞	12⅞
Six months	11⅞-11¾	11⅞-12	11½-11⅝	11-11¼	12½	—	—	—	11⅝-11⅞	12⅛
Nine months	11⅝-11¾	11⅝-11⅞	—	11¼-11⅝	12⅜	—	—	—	—	—
One year	11⅞-11⅞	11⅝-11⅞	11⅛-11⅜	11⅜	12¼	—	—	—	—	—
Two years	—	—	12⅛-12¼	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Longer-term local authority mortgage rate, nominally three years 12⅜ per cent; four years 12⅜-12⅝ per cent; five years 12⅜-12⅝ per cent. ● Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 11{15/16} per cent; four-month trade bills 12⅝ per cent.

Approximate selling rates for one-month Treasury bills 11½ per cent; and two-month 11{9/16} per cent; three-month 11{9/16} per cent. Approximate selling rate for one-month bank bills 11⅞-11{15/16} per cent; two-month 11⅞-11{15/16} per cent; and three-month 11{15/32}-11{15/16} per cent. One-month trade bills 12⅝ per cent; two-month 12⅝ per cent; and also three-month 12⅜ per cent.

Finance House Base Rates (published by the Finance House Association) 10 per cent from November 1 1978. Clearing Bank Deposit Rates for small sums at seven days' notice 10 per cent. Clearing Bank Base Rates for lending 12½ per cent. Treasury Bills: Average tender rates of discount 11.7284 per cent.

FOOD PRICE MOVEMENTS

	November 23 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,140	1,140	1,115
British A.1 per ton	1,110	1,110	1,085
Irish Special per ton	1,110	1,110	1,010
Ulster A.1 per ton§	1,110	1,110	1,050
BUTTER			
NZ per 20 kg	12.61 12.74	12.61 12.74	12.59 12.72
English per cwt†	79.14	79.14	77.81 79.15
Danish salted per cwt†	80.98 83.72	80.98 83.72	78.98 81.57
CHEESE§			
NZ per tonne	1,200	1,200	1,161.50
English cheddar trade per tonne	1,345	1,345	1,300.77
EGGS*			
Home-produced:			
Size 4	3.10-3.40	2.80-3.10	2.50-2.70
Size 2	3.70-4.00	3.30-3.70	3.00-3.30
	November 23 p	**Week ago p**	**Month ago p**
BEEF			
Scottish killed sides ex-KKCF	54.0/58.0	54.0/58.5	54.0/57.0
Eire forequarters	34.0/37.0	36.0/38.0	37.0/38.0
LAMB			
English	50.0/54.0	50.0/54.0	52.0/56.0
NZ PLs PMs	—	—	—
PORK (all weights)	35.0/46.0	37.0/46.0	37.0/46.0
POULTRY—Broiler chickens	35.0/38.0	35.0/38.0	36.0/38.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. § For delivery November 25-December 2.

Strong performance by Canadian markets

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—82½% (84¾%)
Effective $1.9155 36¼% (38¼%)

Most sectors on Canadian stock markets strengthened yesterday in active trading in the absence of influences from New York, where markets were closed for the Thanksgiving Day holiday.

The Toronto Composite Index moved ahead 7.1 to 1,258.2, with 12 of its 14 component groups scoring gains and trading volume reaching 3.88m shares, compared with 3.53m on Wednesday. The Golds index climbed 32.3 to 1,314.6 following an advance in the London Bullion price. Oils and Gas rose afresh by 22.0 to 1,748.1 and Financial Services 10.6 to 1,145.6, but Metals and Minerals finished a modest 1.4 easier at 1,053.2.

All U.S. markets were closed in observance of Thanksgiving Day.

On the Montreal SE the Banks index improved 1.33 to 293.09, while Utilities put on 0.03 to 193.42 and Papers 1.80 to 144.03.

Toronto-Dominion Bank, which raised its quarterly dividend and reported higher annual profits, put on ½ to $21¾. Canadian Imperial Bank, which also announced improved earnings, added ¼ at $29.

Simpsons, at C$7¾, and Hudson's Bay, at C$22¼, each lost ¼. Simpson said it could not make a recommendation on the Hudson's Bay takeover bid due to uncertainties about the offer.

Laidlaw Transportation "A" gained 1¼ to C$17¾. The company reported higher annual net profits and plans for a two-for-one share split.

Voyager Petroleum jumped 3¾ to C$23¼ and Nu-West Development "A" rose ¼ to C$18¼. Nu-West said it will make an offer of C$25 a share to acquire Voyager's outstanding shares.

Metropolitan Trust, subject of a C$35 a share takeover bid by First City Trust, hardened ¼ to C$35 before trading was halted to disclose the news.

New Brunswick Telephone picked up ½ to C$22 on a dividend increase, and Electrohome "A" added 10 cents at C$4.20 after reporting a third-quarter profit against a loss last year.

Australia

Taking their cue from the recent better trading performances on London, Wall Street, Hong Kong and Tokyo stock markets, Australian markets staged a good rally yesterday. The Sydney SE All Ordinary index picked up 7.48 to 515.78.

Leading Industrial BHP advanced 16 cents to A$8.16, while CSR moved ahead 6 cents to A$3.18 and Container 10 cents to A$2.40.

Among Stores, Woolworths gained 4 cents to A$1.50 and G. J. Coles 8 cents to A$2.15, while Philip Morris, in Tobaccos, put on 10 cents to A$6.00.

Property developer Westfield met further speculation ahead of Monday's annual meeting and rose afresh to A$7.50, but slipped back later to A$7.20, unchanged on the day.

Banks showed all-round firmness, with ANZ closing prominently higher at A$3.85, up 15 cents.

In the Coals sector, Thiess moved ahead 15 cents to A$2.80, *while gains of about 5 cents apiece* were recorded in Utah, A$3.70, and Coal and Allied, A$4.80.

Leading the Uraniums into higher ground was Pancontinental, which added 60 cents at A$10.70, while Peko-Wallsend, A$5.44, and Kathleen Investments, A$2.65, were each about 5 cents harder.

Speculative diamond exploration issues had one of their best days for weeks, with CRA, on vague diamond rumours, strengthening 18 cents to A$3.08. Otter Exploration advanced 6 cents to 34 cents.

Iron ore exporters were helped by a report that the Japanese *steel industry was fast recovering*, Hamersley adding 5 cents at A$2.10.

Elsewhere in Minings, Renison Tin climbed 40 cents to A$9.90, MIM 10 cents to A$2.32 and Bougainville 5 cents to A$1.40.

Oil explorers were back in favour with Ampol Exploration rising 8 cents to A$1.18.

Germany

Stocks closed narrowly mixed after extremely quiet trading conditions.

The planned strike in the steel industry in North Rhine-Westphalia, Bremen and Osnabrueck caused some uncertainty in the stock market, and in Steels, Thyssen receded DM1.20 to DM116.70.

Most other leading issues showed little alteration, although Mannesmann lost DM2.40 to DM175.60 and Volkswagen DM3.30 to DM244.20, while BBC, after the recent advance, retreated DM4.80.

Stores were firmer-inclined, with Karstadt gaining DM2 and *Kaufhof DM1*.

On the Domestic Bond market, Public Authority issues shed up to 30 pfennigs in slack trading, with the Bundesbank buying a nominal DM1.3m of paper after DM2m purchases on Tuesday. Mark Foreign Loans were marginally firmer.

Tokyo

The stock market was closed yesterday for the Labour Thanksgiving Day holiday.

Paris

Activity was at a low ebb on the Paris Bourse, despite yesterday being the first day of the new monthly Account, and share prices mainly moved narrowly with no clear trend.

Foods, Motors, Hotels, Stores and Metals displayed an upward bias, but Banks, Constructions and Rubbers were *easier-inclined*.

Among gaining issues were Pretabail, Martell, Ferodo, Kali, Babcock, Bail Investissement, Chiers, Sacilor and BIC.

Declining stocks included Saupiquet, Bouygues, Kleber, Sagem, Matra, BP, Europe 1, Puk and Penarroya.

Gold Miners were all firm *in the* International section, while Americans, Canadians and Coppers also improved, although to a lesser degree.

Hong Kong

After regaining further ground early yesterday, the market declined on profit-taking to finish lower on balance after a moderate business. The Hang Seng index, having recovered 45 points over the past two days, finished 10.21 down at 503.70.

The market received an early fillip from an announcement in the morning that there would be no meeting of the Exchange Banks yesterday on interest rates. There had been widespread expectations that interest rates would be further increased yesterday.

Hongkong Bank, HK$16.80, and Jardine Matheson, HK$12.10, finished 30 cents down apiece, while Hong Kong Land lost 15 cents to HK$8.30 and Swire Pacific "A" 40 cents to HK$7.40.

Hongkong Wharf shed HK$1 to HK$26.30, Swire Properties 5 cents to HK$3.10 and Sun Hung Kai Properties 10 cents to HK$6.60.

Johannesburg

Most sectors of the market were firmer in fairly quiet trading.

The higher Bullion price helped Gold shares to improve, while Mining Financials followed gold producers higher. De Beers advanced 20 cents to R7.25 on local and Overseas demand.

Platinum shares were marginally harder, with Implats adding 5 cents at *R3.55*. Coppers were unchanged, however.

The Industrials market gained ground in low-volume trading, Barlow Rand ending 10 cents up at R4.65.

Switzerland

An easier tendency prevailed yesterday in moderate activity, with the weaker dollar adversely affecting sentiment.

Union Bank receded 25 to SwFr 2,950, while declines of 20 apiece occurred in Ciba Geigy, SwFr 1,040, and Nestle, SwFr 3,180. However, Sandoz, down 45 the previous day, rallied 25 to SwFr 3,675, and Alusuisse improved 10 more to SwFr 1,130.

Domestic Bonds were steady, while Foreign Bonds generally edged higher apart from the Austrian 3.5 per cent 15-year Loan, which eased by around 3 per cent.

Milan

Technical sales which prevailed in the last hour of a quiet trading session reversed in part an earlier upward trend, leaving stocks easier for choice on balance.

ANIC shed 2 to L80 on continued concern over its losses and expectations of a reduction in capital in the next few months to compensate for them.

Bastogi were finally 7 down at L468 and Snia Viscosa 6 off at L775, but Finsider *recorded a rise* of 1.25 at L124.25.

Brussels

Shares closed on an irregular note following another slow and trendless session.

Among local issues, Steels were mostly higher, with Clabecq up 22 at BFr 1,480 and Cockerill 4 firmer at BFr 393, but Arbed shed 10 to BFr 1,990. In mixed Nonferrous Metals, Asturienne rose 24 to BFr 724 but Vieille Montagne declined 30 to BFr 1,730.

Holdings issues, Oils and Chemicals were narrowly irregular and Utilities a little firmer.

Amsterdam

Small irregular movements were the order of the day in further thin trading.

Hoogovens lost Fl0.40 to Fl36.30 and Philips shed Fl0.10, but other Dutch International were higher, with Unilever adding Fl0.70.

Elsewhere, Pakhoed were notable for a rise of Fl2.00 to Fl45.30, while Van Ommeren put on Fl1 to Fl142, but OCE-Van der Grinten reacted Fl2.60 to Fl170.10.

State Loans were steady to slightly higher.

Singapore

Shares were lower across the Board after fairly active trading. The Singapore Straits Times index declined 3.14 to 335.44.

Sime Darby fell 14 cents to S$2.88, while Haw Par finished 6 cents lower at S$1.41, after rising to S$1.50.

Pan Electric and North Borneo Timber softened 7 cents each to S$1.43 and S$17.51 respectively. Down by 4 cents apiece were Inchcape, S$1.53, Nanyang S$2.88, and Sin Chew, S$3.04.

Among Financials, OCBC suffered a 33 cents fall to S$7.15, while DBS lost 10 cents to S$3.88. UOB hit a high of S$3.22, but subsequently retreated to S$3.04, down 14 cents on the day.

In the Hotels sector, Faber Merlin eased 3 cents to 92½ cents, *but Shangri-La was steady* at S$4.80. In Property UOL shed 7 cents to S$1.31 and City Development declined 4 cents to S$1.09.

NEW YORK

CANADA

† Bid. ‡ Asked. § Traded. ¶ New stock.

Indices

NEW YORK—DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO

JOHANNESBURG

WEDNESDAY'S ACTIVE STOCKS

GERMANY ◆

TOKYO ¶

Source Nikko Securities, Tokyo

AUSTRALIA

BRAZIL

OSLO

JOHANNESBURG

MINES

INDUSTRIALS

BRUSSELS/LUXEMBOURG

AMSTERDAM

SWITZERLAND ✱

PARIS

Securities Rand U.S.$0.68 (Discount of 40.9%)

COPENHAGEN ♣

SPAIN ▼

MILAN

STOCKHOLM

VIENNA

BASE LENDING RATES

A.B.N. Bank	12½%	■ Hambros Bank	12½%
Allied Irish Banks Ltd.	12½%	■ Hill Samuel	§12½%
American Express Bk.	12½%	† C. Hoare & Co.	12½%
Amro Bank	12½%	Julian S. Hodge	13½%
A P Bank Ltd.	12½%	Hongkong & Shanghai	12½%
Henry Ansbacher	12½%	Industrial Bk. of Scot.	10 %
Associates Cap. Corp.	12½%	Keyser Ullmann	12½%
Banco de Bilbao	12½%	Knowsley & Co. Ltd.	14½%
Bank of Credit & Cmce.	12½%	Lloyds Bank	12½%
Bank of Cyprus	12½%	London Mercantile	12½%
Bank of N.S.W.	12½%	Edward Manson & Co.	13½%
Banque Belge Ltd.	12½%	Midland Bank	12½%
Banque du Rhone	13 %	■ Samuel Montagu	12½%
Barclays Bank	12½%	■ Morgan Grenfell	12½%
Barnett Christie Ltd.	13½%	National Westminster	12½%
Bremar Holdings Ltd.	13½%	Norwich General Trust	12½%
Brit. Bank of Mid. East	12½%	P. S. Refson & Co.	12½%
■ Brown Shipley	12½%	Rossminster	12½%
Canada Perm't Trust	12½%	Royal Bk. Canada Trust	12½%
Cayzer Ltd.	12½%	Schlesinger Limited	12½%
Cedar Holdings	12½%	E. S. Schwab	13½%
■ Charterhouse Japhet	12½%	Security Trust Co. Ltd.	13½%
Choulartons	12½%	Shenley Trust	14 %
C. E. Coates	12½%	Standard Chartered	12½%
Consolidated Credits	12½%	Trade Dev. Bank	12½%
Co-operative Bank	*12½%	Trustee Savings Bank	12½%
Corinthian Securities	12½%	Twentieth Century Bk.	13½%
Credit Lyonnais	12½%	United Bank of Kuwait	12½%
Duncan Lawrie	12½%	Whiteaway Laidlaw	13 %
The Cyprus Popular Bk.	11½%	Williams & Glyn's	12½%
Eagil Trust	12½%	Yorkshire Bank	12½%
English Transcont.	12½%		
First Nat. Fin. Corp.	12 %		
First Nat. Secs. Ltd.	12 %		
■ Antony Gibbs	12½%		
Greyhound Guaranty	12½%		
Grindlays Bank	12½%		
■ Guinness Mahon	12½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%. 1-month deposits 10½%.
† 7-day deposits on sums of £10,000 and under 10%, up to £25,000 10½% and over £25,000 10¾%.
‡ Call deposits over £1,000 10%.
§ Demand deposits 10%.

EUROPEAN OPTIONS EXCHANGE

Series		Jan. Vol.	Jan. Last	Apr. Vol.	Apr. Last	July Vol.	July Last	Stock
AKZ	F.27.50		—	—	—	1	6.30	F.29.50
AKZ	F.30	1	1.90	6	3.60	—	—	..
AKZ	F.32.50	—	..	1	2.40	—	..	..
AKZ	F.35	—		35	1.70	20	2.60	..
ABN	F.70	.	.	—	—	1	9.30	F.75.40
HO	F.32.50	5	4.80	—	—	—	—	F.36.30
HO	F.35	—	—	5	6.60	—	..	..
HO	F.37.50	14	2.50	23	4.20	20	5.60	..
HO	F.40	22	1.10	24	3	5	5	..
IBM	$240	1	30½	.	—	—	—	$256
IBM	$280	2	5½	.		—	..	
KLM	F.160	1	5.30	1	10	—	..	F.128.80
KLM	F.133.30	35	4.80	—	—	—	..	..
KLM	F.140	4	3.10	5	6.80	5	9.80	..
KLM	F.142.90	6	2.30	—	—	—	—	..
KLM	F.150	2	1	—	..	5	7.50	..
KLM	F.152.40	2	0.90	—	—	.	—	..
KLM	F.160	8	0.50	11	2.70	—	..	..
KLM	F.161.90	1	0.50	—	—	..	—	..
KLM	F.170	.	—	5	1.90	..	—	..
PHI	F.22.50		.	—	—	1	4.50	F.24.50
PHI	F.25	5	0.80	8	2.10	2	2.60	..
PHI	F.27.50	10	0.30	15	1.10	—	—	..
PHI	F.30	85	0.20	21	0.60	34	1.10	..
RD	F.120	7	6.50	—			—	F.124.20
RD	F.130	5	1.20	2	4	24	4.50	..
RD	F.140	10	0.20	—	..	—	..	..
XON	$45	—	.	1	6½	—	—	$50½
XRX	$50	3	5	—	.	—	—	$53½

TOTAL VOLUME IN CONTRACTS 496

FARMING AND RAW MATERIALS

Kenya acts on locust 'plague'

By John Worrall

NAIROBI, Nov. 23.

WITH DESERT locust outbreaks in Africa and Arabia officially designated by the UN Food and Agriculture Organisation as "a plague," the Kenyans are taking urgent precautions against locusts drifting south from Somalia and Ethiopia.

The Kenyan Government believes a locust invasion could take place any time now. Coming down from Somalia on prevailing winds, they could reach as far as Tanzania, and the fear is that they will devastate East Africa's rich agricultural lands.

The Kenya army has formed a locust control unit. The air force has modified two aircraft for spraying locusts, and are working on two more.

Kenya is working closely with the East African Desert Locust Control Unit, whose aircraft are based in Nairobi.

Locust swarms are now devastating huge areas of Ethiopia and Somalia, and are breeding freely in the Ogaden Desert. Local authorities in Kenya's desert north eastern province have called on all the inhabitants to report immediately any desert locusts they find.

Experts from the UN Food and Agriculture Organisation believe that if the swarms are not brought under control soon they could threaten a huge area from the Atlantic coast of Africa to the Himalayas.

Strikes hit Indian jute exports

CALCUTTA, Nov. 23.

INDIAN JUTE goods exports recorded a particularly sharp increase in October at 32,000 tonnes (in September exports totalled 28,000 tonnes) have received a setback due to strikes.

The disputes involve bargemen who carry jute goods from the mills to the port, and dock workers at Calcutta port. According to the Indian Jute Mills Association exports amounting to 1,500-2,000 tonnes of jute goods worth at least Rs 10m are being lost every day.

Overseas consumers are being forced to turn to Bangladesh or synthetics to meet their immediate requirements. Today is the seventh day of the bargemen's strike and the sixth day of the strike by the port workers.

Meanwhile, the Indian tea industry is deeply worried that the countrywide port strike, especially at Calcutta and Kandla will make it difficult to export even the 200m kilos at which the Commerce Ministry set its ceiling level for the current financial year.

UK may disrupt farm price adjustment plan

BY MARGARET VAN HATTEM

BRUSSELS, Nov. 23.

THE BRITISH Government is expected to take advantage of technical complications arising from introduction of the proposed European Monetary System (EMS) in its battle against the high level of EEC farm price support.

Unless EEC member governments approve the introduction of a special currency conversion device to bridge the gap between the present system and the EMS, the Community's common farm prices could drop by an estimated 21 per cent.

The EEC Commission yesterday proposed to the Council of Ministers that such a device be adopted. So far, the British Government has not given its formal opinion on the issue. But indications are that it will try to ensure that any bridging arrangements are temporary, possibly with a definite cut-off date.

If it could achieve this, and it would probably need the support of at least one other EEC government to do so, Britain would be able to keep open the option of forcing a subsequent drop in common prices.

That such a policy change should come about as a result of a purely technical currency problem would be unacceptable to most other EEC members, particularly those with large farming sectors.

Even if the British could press the point before introduction of the EMS, it is doubtful whether they would gain much from an open confrontation. But by pressing for a temporary solution, they may be able to choose when and where to re-open the issue.

Such a drop would not affect the prices paid to farmers. After conversion of common prices via the "green currency" rates into national currencies, they would remain at their present levels. In the short term, it would be little more than an accounting device. But its effect would be to narrow the difference between the pound and the over-valued "green pound," and to enlarge the gap between, for example, the Deutschemark and the undervalued "green Deutschemark."

Dutch tighten bacon quality controls

BY CHRISTOPHER PARKES

DUTCH BACON curers have responded to recent criticisms and are tightening up quality control on the bacon they ship to Britain.

New regulations governing water content and the saltiness of the bacon will be introduced in January next year.

Curers must either meet the new standards or be refused export licences and "get out of the business," Mr. M. T. L. Appels, chairman of the Dutch Bacon Curers' Association, said yesterday.

Holland is rapidly expanding sales in Britain, Mr. Appels said. Shipments in the first 10 months of this year of 32,819 tonnes are almost 2,000 tonnes up on exports in the whole of 1977. Mr. Appels expects this year's total to reach 40,000 tonnes.

He also aims to win for his industry a 10 per cent share of the British market which absorbs some 450,000 to 500,000 tonnes a year and is currently expanding at 3 per cent annually.

Mr. Appels said before Britain joined the European Community there were only three or four experienced bacon curing factories working in Holland. Now there were about 20, he said, some with no experience of bacon production.

Dutch Bacon Control, which is responsible for issuing export licences, lays down rules governing grading and curing of bacon. These have now been extended to cover the composition of the brine used in processing and chemical analysis of the end product.

Although the 800 tonnes weekly shipment from Holland to Britain may be modest compared with Danish exports which account for half the British market, it amounts to 50 per cent of total Dutch exports of pigmeat to Britain.

Rapid or large-scale expansion is unlikely because of the Dutch pig industry's heavy concentration on other markets in Europe.

Wheat pact talks may be extended

By Our Commodities Staff

NEGOTIATIONS ON a proposed new International Wheat Agreement, officially due to end in Geneva today, are likely to be extended, it was understood from conference sources yesterday.

Talks on financial aid to be given to developing countries to help them to carry "reserve" stocks of wheat in times of surplus supply have apparently made better than expected progress.

But there is said to be a great deal of negotiating to be completed on the size of the reserve stocks and the "trigger" price levels at which the stocks are either increased or depleted.

Meanwhile in Washington, Michael Hall, president of Great Plains Wheat Inc. said the U.S. made a number of concessions to the EEC in discussions for a new International Wheat Agreement, but failed to receive similar concessions, Reuter reported.

Mr. Hall, the U.S. delegation's wheat adviser at the talks, said in a report to the trade group's Board of directors, that "notwithstanding the U.S. willingness to compromise on the EEC demand for the inclusion of a coarse grains convention in the Wheat Agreement, the U.S. apparently gained no offsetting concessions or benefits from EEC."

He said the U.S. made concessions so that the Multilateral Trade talks would not be hindered and that the proposal for an international wheat reserve would not be jeopardised.

Indian grain crop target maintained

By K. K. Sharma

NEW DELHI, Nov. 23.

Despite the damage caused by extensive floods, the Indian Government has maintained its target of achieving a production of 126m tonnes of food grains this year, according to Mr. Bhanu Pratap Singh, Minister of State for Agriculture.

This is roughly the same as 1977-78 when production of cereals was 113.8m tonnes and pulses 11.8m tonnes. This contrasted with a cereal production of 99.8m tonnes and pulses production of 11.32m in 1976-77.

There is a gap of about 3m tonnes in the local demand and supply of pulses despite higher domestic production this year.

The current stock of food grains is 16.35m tonnes.

SIR HENRY PLUMB

Moving with the times

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE FORTHCOMING departure of Sir Henry Plumb from the presidency of the National Farmers' Union marks a fundamental break in the Union's policies which have endured since the war.

The close links which were formed between the Union and the Ministry in the interests of wartime food production were carried on by Lord Netherthorpe, the Union's first executive president, and his successors, until Common Market entry was achieved in 1972.

The basis of this association was the Agriculture Act of 1947 which laid down that the Government would provide the support for "that part" of the nation's food it was deemed necessary and desirable to grow at home.

As world supplies and imports increased from the mid-1950s the discussions about "that part" became more and more acrimonious. The Government of the day, notably in the 1960s when Sir Christopher Soames was Minister, enforced an end to the open-ended guarantees by imposing limits on supported production with what were called standard quantities.

In the immediate post-war years, Lord Netherthorpe, in many respects the most able negotiator it has been my privilege to see in action, appeared to feel obliged to use his considerable prestige with farmers to moderate their more irrational claims in the national interest, particularly when food was still short.

His successor, Lord Woolley, was faced with Sir Christopher Soames at his fiercest. He could do little but mitigate what farmers regarded as the Government's hostility.

Sir Gwilym Williams had a fairly rough ride too, because for a start at least the 1964 Labour Government carried on the Soames policy.

But when Sir Henry took office in 1971 the climate changed. Mr. Heath's Government was determined to join Europe and prices were allowed to escape from the strait-jacket of standard quantities to some extent in a series of good annual price reviews. Since membership of the EEC was achieved there has been a steady increase in returns, enough to give Sir Henry a fairly easy time.

Rebellions

There have been rebellions among the membership, notably in 1974 when farmers tried to barricade the ports against Irish imports. But this was all handled well and the protests subsided as they normally do when prices rise again.

Meanwhile Sir Henry embraced Europe with an enthusiasm worthy of several better causes. He became president of COPA, the European farmers' lobby for two years he has a weakness for presidencies). He appeared to settle down well with his fellow farm leaders in Europe. But it never seemed he really understood the conflicts of interest that make up the membership of COPA.

Once the Labour Government of 1974 came in, Sir Henry found in Fred Peart, the new Minister, a person after his own heart. Like many converts Mr. Peart, now elevated to Lord Peart, took his new found communautaire beliefs so seriously as to prejudice his powers of reason. It seems extraordinary that one who had been in politics for 30 years was so trustful of the disinterest of his fellow ministers in Brussels.

During this time Sir Henry cemented firmly an even closer relationship with the Minister. So much so that it became obvious to the Government that what it thought were national interests in the way of food prices, were to be eroded by more and more concessions on the Green Pound and other matters.

Fred Peart departed to the Lords and Sir Henry faced a very different ball game. In John Silkin, a pronounced anti-Marketeer, he found a Minister who knew little of farming but who carried out his Government's orders and who, at first anyway, had little concern about the long, close relationship between the Ministry and the NFU.

Mr. Silkin is always polite. But he does not mind farmers' hostility, nor that of his fellow Ministers in Brussels, who in any case almost always put the interests of their own countries first, just as he does.

At this time another change was coming. Mr. Silkin realised that farming policy was no longer being made in Whitehall but in Brussels. During the 1976 pig crisis he instituted a special subsidy which ran for about four months until it was terminated on orders from the Commission.

This I believe was the first blow to Sir Henry's confidence. The whole relationship built up between the NFU and the Ministry had been shattered. Even if the two agreed about something they would have to be subject to the agreement of Brussels.

Here the union has no real pull, its only support among a welter of opposing interest in the Community headquarters is the Minister himself pursuing a much wider overall brief.

Blow

There was another blow. Some months ago, Mr. Asher Winegarten, for many years the union's chief economic and political strategist, became seriously ill and he is still not back at work. In April George Cattell, the new director-general, left to take over FMC. Bereft of these solid advisers, Sir Henry has undoubtedly come to understand the need for getting fresh minds to work and has stood down.

He is only aged 53. He has a farm to which it will not be easy to return, and he has set his sights on the European Parliament of which there could be many worse members.

He is popular with farmers, although some are beginning to question his blind advocacy of the Community. He does deserve another job where his talents could be employed. Farmers are not notably generous to their retired politicians, but Sir Henry Plumb deserves well of them.

Higher wool levy rejected

CANBERRA, Nov. 23.

FURTHER SUPPORT from the Australian Government for the International Wool Secretariat was urged here by Walter Ives, chairman of the Australian Wool Industry Conference (AWIC).

Mr. Ives said the Secretariat's budgetary problems were becoming acute, and the possible accession of Argentina as a member would only ameliorate the problem.

But at the same time, the AWIC meeting agreed that growers would not increase their contribution through a higher wool levy. Michael Davidson, AWIC executive committee member, said growers had reached the limit as far as industry profitability was concerned in their contribution.

Part of Australia's contribution of about 65 per cent of the IWS budget comes from a 3 per cent wool tax for promotion and research, with the Government making up the remainder.

The Conference decided to ask the Australian Wool Corporation to provide more details of its revised marketing plan.

The AWIC executive committee will draw up a list of issues requiring clarification to present to the Corporation.

Delegate sources said the issues included costs of the plan and the method of payment to growers.

Mr. E. L. O'Brien, said the AWIC hoped to complete its review of the plan before mid-1979.

The revised marketing plan, proposing the Corporation as the sole export seller of Australian wool, is a modification of the AWIC's 1973 plan. The main differences are the preservation of the "floor" price scheme and grower support, plus preservation of the handling and distribution roles now performed by brokers, buyers and merchants.

ENGLISH HOP OUTPUT RISES

By Our Commodities Staff

English production of hops is up sharply this year, compared with 1977, according to provisional estimates issued by the Hops Marketing Board.

Total crop is put at 188,798 zentners (100 kilos each) in 1978 against 144,662 last year.

The biggest increase was in Kent, up from 76,800 to 98,300 zentners.

Malaysian wood 'too expensive'

KUALA LUMPUR, Nov. 23.

THE WEST German woodworking industry may switch to West African and South American supplies because of high Malaysian timber prices.

The leader of a visiting 15-member delegation from the National Confederation of German Furniture and Woodworking Industries, Mr. M. Thome, said more than 75 per cent of his industry's tropical hardwood requirements have come from Malaysia. "But now we are finding it too expensive."

He said the delegation's current three-day visit to Malaysia is in response to an invitation by Dr. Mahathir Moahmed, Deputy Prime Minister and Minister of Trade and Industry, who led a Malaysian investment mission to Germany this year. AP-DJ

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Barely changed on the London Metal Exchange in subdued trading following the closure of U.S. markets for Thanksgiving Day. Forward metal was marked up to £778 initially, reflecting the overnight U.S. trend, but then eased back to £771 owing to the firmness of sterling. In the rings and the afternoon trade business remained at a low level with forward metal trading in a range of £772 and £774.5 prior to a close of £773.5 on the late kerb. Turnover 17,175 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	755.6	+2	753.5-4.5	—.75
3 months	772.5	+1.5	773.5-4	—.5
Settlem't	755.6	+2	—	.....
Cathodes				
Cash	741.5	+1	741.5-2.5	—1.75
3 months	760.5-1	+1.5	761-.5	—1.5
Settlem't	741.5	+1	—	.....
U.S. Prod.	940	.....	*72	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £753.5, three months £774, 73.5, 73, 72.5. Cathodes, cash £741.5, 41, three months £761, 60.5. Kerb: Wirebars, three months £773, 73.5. Afternoon: Wirebars, three months £773.5, 73, 3.5, 4. Cathodes, Three months £761, 61.5. Kerb: Wirebars, three months £774, 73.5.

TIN—Easier. Forward material eased to £7,190 on the pre-market following the fall in the Penang market and the initial firmness of sterling. However, covering against overnight U.S. physical business and European demand helped the market pick up to end at £7,355 on the late kerb. Turnover 1,275 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7340-60	—70	7320-60	—35
3 months	7245-65	—45	7250-70	—40
Settlem't	7360	—70	—	.....
Standard				
Cash	7325-35	—55	7320-30	—45
3 months	7235-45	—45	7240-5	—42.5
Settlem't	7335	—55	—	.....
Straits E.	$1871	—14	—	.....
New York	—			

Morning: Standard, three months £7,290, 10.0 20, 30, 35, 40. Grade, cash £7,350, 40. Kerb: Standard, three months £7,240. Afternoon: Standard, three months £7,250, 45. Kerb: Standard, three months £7,240, 45, 50, 57, 55, 60, 65, 56, 50, 58, 55, 52.

LEAD—Gained ground on forecasts of a possible decline in warehouse stocks this week, which had the effect of widening the backwardation to around £14 from £11 the previous day. Forward metal opened around the £396 level and moved up steadily to touch £392 on the late kerb, prior to a close of £390. Turnover 13,350 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
Cash	402.5-3	+4.25	404-5	+8
3 months	388.5-9	+2.75	389-90	+3.25
Settlem't	403	+4	—	.....
U.S. Spot	[illegible]			

Morning: Cash £403, three months £387, 86, 85, 86, 87, 88, 89. Kerb: Cash £404, three months £388.5, 89. Afternoon: Cash £405, three months £389.75, 89.5, 90, 89.5, 90. Kerb: three months £389.75, [illegible] 90, 89.5.

ZINC—Slightly firmer in very quiet trading and mainly reflecting the trend in lead. Forward metal traded in the range £359 to £360 before closing at £360.5 on the late kerb. Turnover 3,500 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
Cash	350.5-1.5	+2.5	349-.5	+1.5
3 months	362.5	+2.75	360.5-1	+1.5
S'ment	351.5	+3.5	—	.....
Prim.west	—		*34.5-4.5	.....

Morning: Three months £360.5, 60, 61, 62. Kerb: Three months £361.5. Afternoon: Cash £349.5, three months £361, 61.5, 61. Kerb: Three months £361.5, 61.5, 61.

ALUMINIUM—Unchanged in very quiet trading with forward metal trading within the £604 to £605.5 range prior to a close on the late kerb at £605.5. Turnover 500 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£		£	
Spot	.....		.....	
3 months	605-6	+1	605-6	.....

Morning: Three months £604, 3.5, 6, 5.5, 6.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 1.7p an ounce higher for spot delivery in the London bullion market yesterday at 307.1p. U.S. cent equivalents of the fixing levels were: spot 586.4c, up 3.7c; three-month 600.8c, up 4.5c; six-month 618.8c, up 4.3c; and 12-month 640.2c, up 4.3c. The metal opened at 308-307½p (590½-601c) and closed at 307½p (590½-601c) and closed at 307½-308½p (589½-601c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	307.1p	+1.7	307.5	—0.9
3 months	314.5p	+1.9	315.35	—0.95
6 months	321.4p	+1.8	—	.....
12 months	335.2p	+1.4	—	.....

LME—Turnover 93 (256) lots of 10,000 ozs. Morning: Cash 307.8; three months 314.5, 14.4, 14.5, 14.3, 14.9. Kerbs: Three months 314.9, 15. Afternoon: Three months 315.5, 15.5, 5.3, 5.4. Kerbs: Three months 315.5, 15.6.

COCOA

In very quiet trading conditions cocoa prices eased initially before falling to close steadily £10 to £15 higher than last night's close, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
Dec.	2095.0-97.0	+10.0	2097.0-2075
March	2147.0-50.0	+11.5	2156.0-2120
May	2178.0-79.0	+12.75	2180.0-2156
July	2178.0-75.0	+14.0	2175.0-2155
Sept.	2160.0-61.0	+15.0	2156.0
Dec.	2106.0-10.0	+6.5	2104.0-2090
March	2075.0-2100	+12.5	2075.0

Sales: 1,885 (2,050) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily prices for Nov. 22 181.93 (137.16). Indicator prices Nov. 23 15-day average 181.17 (180.83). 22-day average 181.35 (181.11).

COFFEE

AFTER opening slightly easier values were further eroded during the course of the day in light volume, reports Drexel Burnham Lambert. With its New York counterpart closed, London continued quiet in the afternoon before trade buying on the close pushed prices to the day's highs.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
November	1590-1595	—21	1580-1590
January	1500-1505	—11	1507-1495
March	1325-1335	—22.5	1340-1320
May	1223-1225	—20	1235-1220
July	1205-1225	+01.5	1205
Sept.	1191-1195	—01.0	1195-1180
Nov.	1160-1170	—0.5	1160-1150

Sales: 3,632 (1,891) lots of 5 tonnes.

ICO indicator prices for Nov. 22 (U.S. cents per pound): Colombian Mild Arabicas 173.00 (same); other Mild Arabicas 149.50 (same); Robustas ICA 1976 126.00 (126.25); Robustas ICA 1968 129.00 (129.25). Daily average [illegible]

COTTON

LIVERPOOL COTTON—Spot and shipment sales in Liverpool amounted to 270 tonnes, bringing the total for the week so far to 781 tonnes. Additional support was evident in specialty growths, users needing to operate in various American-type varieties.

RUBBER

UNCHANGED opening on the London physical market. Little interest throughout the day, closing inactive. Lewis and Peat reported the Malaysian godown price was 247 (same) cents a kilo (buyer, December).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
Dec.	60.90-61.10	60.6	61.00	61.10-60.45
Jan.	61.75-2.00	61.50	[illegible]	—
Jan-Mar	62.45-62.8	62.40	62.6	62.40
Apr-Jne	65.15-65.20	65.1	65.2	65.25-64.70
Jly-Sept	67.55-67.65	67.6	67.65	67.6-67.20
Oct-Dec	69.65-69.85	69.7	69.85	70.00
Jan-Mar	72.05	[illegible]	72.0	72.45	—
Apr-Jne	74.5-74.4	74.5	74.4	74.1
Jly-Sept	76.65-76.85	76.65	76.7	76.65-76.50

Sales: 8 (1) at 5 tonnes and 130 (201) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 59.75p (60.0); Dec. 60.75p (60.25); Jan. 61.75p (same).

SOYABEAN MEAL

	Yesterday's Close	+ or —	Business Done
	£ per tonne		
December	116.60-17.0	.....	116.50-16.50
February	116.90-17.9	.....	[illegible]
April	116.30-16.4	.....	[illegible]
June	116.00-16.2	.....	[illegible]
August	116.00-16.2	.....	[illegible]
October	116.00-16.0	.....	—
December	116.00-16.0	.....	—

Sales: 74 (167) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £99.00 (£102.00) a tonne cif for Nov.-Dec. shipment. White sugar daily price was fixed at £107.00 (£102.00).

The market opened some 50 points below kerb levels and in light trading, in this condition prices moved steadily lower. However, the lows were shortlived and by the close all the losses had been recovered.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Dec.	107.35-07.40	106.35-06.50	107.75-06.50
March	111.00-11.10	112.00-12.15	112.25-10.00
May	113.50-13.60	114.25-14.50	114.60-12.50
Aug.	116.90-17.00	117.75-17.90	117.00-16.00
Oct.	119.75-19.80	120.90-21.00	120.00-18.75
Dec.	121.20-21.25	122.00-22.50	122.00-21.00
March	125.25-26.50	126.00-27.10	—

Sales: 1,410 (1,791) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £264.85 (same) a tonne for home trade and £172.50 (£173.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Prices for Nov. 22: Daily 7.68 (7.55); 15-day average 8.07 (8.13).

WHITE SUGAR—Close (in order buyer, seller, business, sales): Feb 109.00, 109.30, 109.00, 1; April 113.20, 113.50, 113.60-113.25, 15; July 118.40, 118.50, 118.00, 5; Sept. 121.00, 123.00, nil, nil; Nov. 125.00, 128.00, nil, nil; Feb. 131.00, 134.00, nil, nil; April 132.50, 135.50, nil, nil. Sales: 21.

GRAINS

LONDON FUTURES (GAFTA)—The market opened 15p higher on wheat and values increased on good consumer and commercial buying to trade 35-40p higher in the afternoon session. Aggressive commercial selling eased values back to close 3p lower to 5p up on old crop, 15p higher on new crop. Barley saw good commercial and spot buying support and values increased to trade 40p higher in the afternoon session. The market did ease slightly back but closed about steady 5-15p higher on the day. Acli reported.

Month	WHEAT Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
Nov.	—			
Jan.	91.00	+0.70	83.60	+1.99
Mar.	93.50	+1.85	86.00	—2.50
May	95.85	+1.90	88.5	+2.60
Sept.	89.15	+0.15	85.10	+0.85

Business done—Wheat: Jan. 91.30-91.00, March 93.75-93.25, May 96.20-95.90, Sept. 89.10-89.10. Sales: 365. Barley: Jan. 83.90-83.50, March 86.35-85.90, May 88.35-88.50, Sept. nil. Sales: 194.

IMPORTED—Wheat: CWRS No. 1 13½ per cent Nov. Dec. 94.25 Tilbury. U.S. Dark Northern Spring No. 2 14 per cent Nov. 90.00, Dec. 89.00, Jan. 90.00 east coast. U.S. Hard Winter 13½ per cent Jan. 87.25 east coast. EEC unquoted. Maize: U.S./French unquoted. French Nov 104.50, Dec 101.00 east coast. S. African White: Jan. 67.50 UK. S. African Yellow Jan. 67.50 UK. Barley: English feed fob Dec 84.50 to 85.25 as to size of vessels.

HGCA—Location ex-farm spot prices. Other milling wheat: North Lincoln 89.10. Feed barley: North Lincoln 79.40. Hants and W. Sussex 77.70.

The UK monetary coefficient for the week beginning November 27 will remain unchanged.

EEC IMPORT LEVIES—The following levies and premiums are effective for Nov. 22 in order of current levy plus Dec., Jan. and Feb. premiums (with previous in brackets). All in units of account per tonne. Common wheat—75.03, rest nil (75.03, rest nil, 0.32). Durum wheat—115.28, rest nil (118.28, rest nil). Rye—79.68, rest nil (79.68, rest nil). Barley—85.55, rest nil (85.85, rest nil). [illegible]

WOOL FUTURES

LONDON—Market unchanged to a shade better in broader activity, Bache reported.

(Pence per kilo)

Australian Greasy Wool	Yesterday's Close	+ or —	Business Done
December	237-55	—1.5	—
March	236-54	.....	—
May	240-50	.....	—
July	245-49	.....	—
October	245-50	.....	—
December	244-58	—3.5	—
March	246-42	+1.5	—
May	246-42	+1.5	—

Sales: nil (1) lots of 1,500 kg.

SYDNEY GREASY—Close (in order buyer, seller, business, sales): Micron Contract: Dec. 349.6, 349.2, 350.4-349.0, 30; March 354.0, 355.0, 355.5-355.0, 5; May 358.5, 359.5, 359.0-358.0, 6; July 361.0, 361.6, 361.6-361.0, 8; Oct. 362.0, 364.0, 362.5-362.5, 4; Dec. 365.3, 366.0, 365.0-364.5, 16; March 365.0, 369.0, nil, nil; May 370.5, 372.0, 371.0-370.5, 2. Total sales: 75.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller): Dec. 154, 154; March 153.5, 155; May 156, 154.5; July 156, 154; Oct. 192, 189.5; Dec. 196, 193.5; March 197, 193.5; May 197, 193.5.

BRADFORD WOOL—Traders said that according to topmakers order books are so short they can only look a few days ahead. Deliveries are moving out fairly well and there is little business but everything is in very small weights and for prompt delivery. Currency changes continue to create uncertainty. Noils are in short supply world-wide, with prices firming.

MEAT/VEGETABLES

SMITHFIELD (pence per pound)—Beef: Scotch killed sides 54.0 to 56.0; Ulster hindquarters 58.0 to 66.0, forequarters 32.0 to 36.0; Eire hindquarters 59.0 to 64.0, forequarters 34.0 to 37.0. [illegible]

[illegible]

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce: Lemons—Italian: [illegible]

PRICE CHANGES

Price in tonnes unless otherwise stated

	Nov. 23 1978	+ or —	Month ago
Metals			
Aluminium	£710	.....	£710
Free market (cif)	$1,160/80	.....	$1140/50
Copper cash W Bar	£754	—0.75	£745.5
3 months do. do.	£773.75	—0.5	£767.5
Cash Cathode	£742	—1.75	£753.5
3 months Do. do.	£761.25	—1.5	£750.25
Gold Troy oz.	$202.825	—2.0	$235.125
Lead cash	£404.5	+8.0	£422.5
3 months	£389.5	+3.25	£405.75
Nickel			
Free Market c.i.f. (lb)	$1.68	.....	$1.75
	1.88	.....	1.88
Platinum troy oz.	£145.5	+5.5	£150
Free Market	£168.45	+0.25	£178.1
Quicksilver	$139.45	.....	$120.25
Silver troy oz.	307.1p	+1.7	296.5p
3 months	314.5p	+1.9	303.8p
Tin Cash	£7,325	—45.0	£7,835
3 months	£7,242.5	—42.5	£7,655
Tungsten (z)	$141.86	.....	$141.35
Wolfram 22.04 cif	$140.45	.....	$142.47
Zinc cash	£349.25	+1.25	£356.5
3 months	£360.75	+2.0	£368.75
Producers	$720	.....	$675
Oils			
Coconut (Phil)	$875r	+50.0	$910
Groundnut	.....		
Linseed Crude (v)	£340	.....	£326
Palm Malayan	$600w	+2.0	$650
Seeds			
Copra Philip	$565r	.....	$610
Soyabean (U.S.)	$280.5w	+5.5	$289
Grains			
Barley			
Home Futures	£86	+1.5	£82.4
Maize			
French No. 3 Am.	£104.50	.....	£101.5
Wheat			
No. 1 Red Spring	£94.25t	—0.5	£93.2
No.2 Hard Winter	£89.75	.....	£87.75
English Milling †	£92.5	.....	£91.5
Cocoa shipment	£2,190	+12.5	£2,056
Future Mar.	£2,148.5	+11.0	£2,002.5
Coffee Future			
Jan.	£1,459	.....	£1,434.5
Cotton 'A' Index	80.15c	+0.6	78.5c
Rubber kilo	59.75p	—0.25	62.75p
Sugar (Raw)	£99	—3.0	£110
Wooltops 64s (kilo)	274p	.....	273p

* Nominal. † New crop. ‡ Unquoted. u Nov.-Jan. n Sept. t Nov.-Dec. v Jan. w Dec. x Per ton. z Indicator prices.

INDICES

FINANCIAL TIMES

Nov. 23	Nov. 22	Month ago	Year ago
262.96	262.84	65.98	241.16

(Base: July 1, 1952=100)

REUTERS

Nov. 23	Nov. 22	Month ago	Year ago
1514.5	1515.7	1531.0	1491.5

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Nov. 22	Nov. 21	Month ago	Year ago
Spot	394.82	396.16	395.58	363.57
Futures	395.68	394.08	392.56	358.29

(Average 1924-25-26=100)

MOODY'S

Moody's	Nov. 22	Nov. 21	Month ago	Year ago
Spie Commodity	985.3	978.4	977.1	924.2

(December 31, 1931=100)

GRIMSBY FISH—Supply poor, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £7.00-£9.20, codlings £4.50-£6.50; large haddock £6.00-£7.00, medium [illegible]; small [illegible]; large plaice [illegible]; medium plaice [illegible]; best small plaice [illegible]; skinned dogfish (large) [illegible]; lemon soles (large) [illegible]; medium [illegible]; rockfish [illegible]; saithe £2.00-£3.50.

Lower Norway fishmeal exports

BERGEN, Nov. 23.

NORWAY'S FISHMEAL exports this year will fall to between 320,000 and 330,000 tonnes from 440,000 in 1977, while fishoil exports will drop to between 50,000 and 60,000 tonnes from 123,000, Norsildmel, the export organisation of the Norwegian Herring Industry, forecast.

The decline reflects catch reductions and fishing quotas, along with sharply lower herringmeal exports to the key German market which has preferential purchases from Peru.

The organisation added it expects little change in fishmeal and oil exports next year. Reuter

BRAZIL TO ALLOW RICE IMPORTS

RIO DE JANEIRO, Nov. 23.

Brazil waived its 100 per cent import deposit for polished rice until January 31 to permit the import of up to 100,000 tonnes, the National Monetary Council in Brasilia said.

The imports are to ensure normal domestic market supplies until the new crop comes in early next year, it added.

The aim of the imports is to cool down domestic rice prices, rather than forestall any physical shortage resulting from this year's drought-affected crop, it is claimed. This year's crop is estimated at 7.4m tonnes paddy against 8.4m last year. Reuter

CANADIAN MARKETS

WINNIPEG, Nov. 23. ††Rye—98.50 bid (98.00 bid), May 105.00 asked (100.00 bid), July 107.00.

††Oats—Dec. 55.00 (53.70), March 59.50 asked (51.90 bid), May 79.60 asked, July 79.50 asked.

††Barley—Dec. 77.10 bid (78.00), March 77.10 bid (75.00), May 78.90 asked, July [illegible]

§§Flaxseed—Nov. 265.70 bid (264.90 bid), May 271.50 (271.00), July 269.70 asked, Oct. 265.50 bid.

U.S. market prices for November 23 are not available due to Thanksgiving Day holiday.

*Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 154.82 (154.82).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce [illegible]

STOCK EXCHANGE REPORT

Disappointing ICI figures unsettle market sentiment

30-share index down 2.6 at 476.0—House of Fraser fall

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Nov. 13	Nov. 23	Nov. 24	Dec. 5
Nov. 27	Dec. 7	Dec. 8	Dec. 19
Dec. 11	Dec. 28	Dec. 29	Jan. 9

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Third-quarter figures below market expectations accompanied by a rather gloomy statement on current trading conditions from market leader ICI brought a halt to the recent technical recovery in equity markets yesterday.

Encouraged afresh at the outset by the good reception accorded to **Courtaulds'** interim results, leading Industrials made a [illegible] firm start. However, a [illegible] selling developed [illegible] and with the tone taking a distinct turn for the worse following ICI's statement, initial small gains in the leaders were eventually replaced by losses of two or three pence at the close. Up 1.2 at 11 am, the FT 30-share index reacted to record a loss of 4.1 at 3 pm before rallying on technical influences to close 2.6 down on balance at 476.0. There was very little genuine selling [illegible] were showing a marked reluctance.

Among the [illegible] Stores were [illegible] by particularly [illegible] results from House of Fraser, which fell to [illegible] before settling at 134p for a loss of 11 on the day. The FT-Actuaries index for the sub-section fell 1.1 per cent to 192.60.

The [illegible] initiative on Rhodesia—Mr. Cledwyn Hughes is [illegible] to Rhodesia to weigh [illegible] for an all-party [illegible] Britain in the New Year with the backing of [illegible] [illegible] in Southern Rhodesia [illegible] and the 2 per cent 1965/70, 137, and the 6 per cent 1976/81, 290, both rose 4 points.

[illegible] securities [illegible] in a light trade as recent [illegible] buyers of the shorter maturities went to ground. The [illegible], particularly at the short end of the market, was aided by occasional profit-taking and final losses in both sectors extended to ¼. Today's start of dealings in both the medium, Exchequer 12½ per cent 1985, and long Exchequer 12½ per cent 2005/17 [illegible] is not expected to arouse much interest with both [illegible] opening at a small discount on their issue prices.

The debut of Colne Valley Water [illegible] per cent Preference [illegible] among recently-issued Fixed Interests was quietly firm and the stock closed at £12.

Despite the handicap of a closed Wall Street market, dealers reported a useful two-way business in investment currency and the premium closed a further 2½ down at 82½ per cent, after extremes of 84½ and 81½ per cent. Yesterday's SE conversion factor was 0.7345 (0.7185).

Most of the business in Traded Options yesterday was transacted in ICI, prior to and after the third-quarter figures: at the close, the group had contributed 169 contracts of the 492 completed.

Wagon Finance up

Wagon Finance improved 2½ to 42½p after news that it has entered into contracts for the sale of three freehold properties for a sum, net of expenses, of £1.06m. Elsewhere in a lethargic banking sector, **Hong Kong and Shanghai** fell 16 to 239p on a combination of domestic and investment currency influences. Home banks edged higher and closed with modest improvements. **National and Commercial**, however, softened a penny to 72p, the preliminary results are due next Thursday.

Trading in Breweries was again at a low ebb. **Allied** eased a penny to 84p and **Bass Charrington** gave up 2 at 160p. Wines and Spirits issues also tended lower. **Distillers** shed 2 to 200p, while **Arthur Bell** closed 4 off at 240p.

On the overnight announcement of a £12.5m bid from **Harrisons and Crosfield** for the outstanding 40.9 per cent equity in Sabah Timber, the latter jumped [illegible] before easing to close 28 up at 82p. **London Sumatra**, in which H and C holds a 43 per cent stake, gained 10 to 167p on hopes that a similar deal may be in the offing. H and C [illegible] to 482p. Elsewhere, **Porter Hulber** gave back 4 of its recent speculative gain, at 124p, and disappointing annual results left [illegible] Gibson 2 lower at 33p. [illegible] interim profits and [illegible] French Kier shed 2 [illegible]. Redland came on offer [illegible] interim results and [illegible] at 155p, but [illegible] profits [illegible] Milbury 4 to 60p, after 62p. Newarthill put on 3½ to 73½p in response to a Press mention; the interim figures are due early next month. Tunnel B at 270p were unmoved by the half-yearly statement.

A nervous market awaiting the third-quarter figures, ICI [illegible] ground on the announcement and [illegible] statement to end 3 down at 359p after 355p. [illegible] Stewart Plastics [illegible] and Leigh Interests [illegible] the [illegible] results.

House of Fraser down

Third-quarter profits around £2m below market expectations depressed **House of Fraser** and also affected sentiment in other leading Stores: Fraser's fell sharply to 122p before closing 11 down on the day at 134p, while sympathetic reactions were recorded in **Gussies A**, 298p, and **Mothercare**, 150p, both down 4. After the previous day's speculative spurt, **Burton Ordinary and A** slipped 3 apiece to 180p and 166p respectively. Secondary issues took a firmer line, however, and **J. Hepworth** added 2 at 68p in response to the Chairman's disclosure that turnover so far this year was up 23 per cent. **Wallis** also hardened 2 to 85p: the *mid-term results are due next Wednesday.*

United Scientific encountered renewed speculative support and rose 9 to 241p, after 245p. Electricals were otherwise quiet and **Suter** hardened 2 to 31½p ahead of Monday's first-half figures, while **Racal**, with interim results due next Wednesday, declined 4 to 320p. GEC closed at 316p, after 314p, and thus relinquished 2 of the recent rise which followed details of the group's planned acquisition of the U.S. office equipment company A. B. Dick.

Inclined harder at the start on a sectional buying interest, leading Engineerings turned easier when the demand faded. **John Brown** new nil-paid shares ended [illegible] at 42p premium, while GKN finished without alteration at 290p, after 292p. **Tubes**, however, held firm throughout at 3[illegible], up 4. Elsewhere, the movements were generally confined to a few pence either way, but **McKechnie** were noteworthy for a rise of 4 to 87p in response to the [illegible] tenor of the chairman's annual statement. On the other hand, the cautious statement on second-half trading, which accompanied the interim results, left **Renold** a penny cheaper at 150p, after 148p. **Brooke Tool** again attracted occasional buying interest and put on 2 more to 45p, while **Matthew Hall**, 210p, and **Simon Engineering**, 261p, firmed [illegible] **Anglo-Swiss** held steady at 31p awaiting today's half-yearly results.

In Foods, second thoughts about the midway results left **Tesco** 2 cheaper at 52p, while the lower half-year returns clipped a penny from **Amos Hinton**, at 88p. **William Low**, however, firmed [illegible] to 100p and **Cullens** issues also revived, the ordinary and A both gaining 4 to 144p and 142p *respectively.*

Wheelers Restaurants put on 10 to 355p in response to the higher interim profits.

Elliott Group higher

ICI's disappointing third-quarter profits prompted an immediate *downturn in the miscellaneous* Industrial leaders and earlier gains of a few pence were generally reversed by the close. **Boots** closed 2 off at 198p, after 202p, and **Glaxo** ended a like amount lower at 533p, after 538p. Elsewhere, reflecting the return to profitability, **Elliott Group of Peterborough** firmed 3 to 19p, while **Hays Wharf** hardened 2 to 130p in response to the sharply increased annual profits. Renewed investment support ahead of the results and on speculation that the group may simultaneously announce share-slimming proposals helped **Sotheby Parke Bernet** put on 6 more to 343p, while a flurry of speculative buying lifted **Camrex** 5 to 48p, after 49p. **Pauls and Whites**, 118p, and **Extel**, 114p, both gained 2 following their respective interim statements. **Hunting Associated** added 6 to 278p after a modest demand in a thin market. Despite the contraction in preliminary profits, **Stocklake** hardened 2 to 60p but **Powell Duffryn** softened a penny to 184p, after 182p, on the uninspiring first-half figures. A fresh setback in domestic Far-Eastern markets brought fresh falls of between 8 and 12 in **Hutchison**, 58p, **Swire Pacific**, 102p, and **Jardine Matheson**, 172p.

Motors hovered around overnight levels in quiet dealings with the exception of **Lucas** which fell 6 to 296p. **Dunlop** shed a penny to 66p. Among the Distributors, **Harold Perry** cheapened 2 to 112p, while **T. C. Harrison** closed a penny easier at 108p. **Hartwells**, on the other hand, rose a like amount to 103p. Elsewhere, small selling left **Rolls-Royce** 86p, and **ERF**, 112p, showing falls of around 3.

Newspapers encountered profit-taking and gave up most of Wednesday's gains. **Associated** reacted 6 to 182p, after 180p, and **Daily Mail A** lost 10 to 353p. Elsewhere, **Brunning** shed 2 to 66p on the reduced interim profits, but results from **Saatchi and Saatchi** again attracted a few buyers and rose [illegible] to 125p. **John Waddington** [illegible] better at 122p [illegible].

Properties passed a lack-lustre session and recorded few movements of significance. The leaders tended a shade easier with the exception of **Capital and Counties**, which hardened ½ to 60p in response to the satisfactory interim report. Elsewhere, **Marlborough** (formerly Chown Securities) found a little support and added a penny at a high for the year of 21p, but **Chesterfield** eased 3 to 337p following the half-yearly results. **Bernard Sunley** declined 2 to 246p: the announcement that the directors had decided against splitting the construction interests from the property divisions made little impression. **Far Eastern** influences prompted renewed London selling of **Hong Kong Land**, 10 down at 114p xd, and **Swire Properties**, 5 lower at 41½p.

Oils quiet

Quiet conditions prevailed in Oils where **British Petroleum** closed marginally lower at 924p and **Shell** lost 6 to 574p. Outside of the leaders, small offerings *clipped 4 from Tricentrol, at 168p,* and 6 from **Ultramar**, at 222p. **Siebens UK** fell 22 to 240p following persistent small selling in a thin market.

Reflecting the recovery in *second-half earnings*, stockjobbers **Akroyd and Smithers** rallied from a lower earlier level of 195p to close a net 2 firmer on balance at 200p. Elsewhere in Trusts and Financials, domestic market influences prompted respective reactions of 2 and 4 in **Haw Par**, 44p, and **Jardine Securities**, 84p.

Textiles closed narrowly mixed, where changed, and **Courtaulds** *put on 2 more to 118p following* a good Press on Wednesday's interim results. Bid speculation continued in **Sirdar**, which rose 4 to a 1978 peak of 116p for a three-day rise of 10.

Rothmans International half-yearly figures disappointed and the price reacted 1½ to 50p. **Alfred Dunhill's** first-half statement, however, was more favourably received, left the shares 3 better at 390p.

Westfield advance

Mining markets were again featured by the intense activity in **Westfield Minerals**, which after opening firmer at 270p soared to a 1978 high of 310p before easing back to close 25 up on balance at 290p.

Westfield's shares have more than doubled in the past month or so following news that the company has found encouraging uranium values in the vicinity of the upper Humber River, Newfoundland and has acquired a 25 per cent interest in 640 acres of oil and gas leases in the Wayne Rosedale area of Alberta.

Northgate Exploration, which has a 45 per cent stake in Westfield, were also active; after easing back initially to around 425p the shares climbed to 433p, a net gain of 5.

On the other hand, South African Gold shares traded quietly owing to the closure of U.S. markets for the Thanksgiving Day holiday.

The firmness of the bullion price, which closed $2 higher at $202.625 per ounce, prompted a small London, Cape and Continental interest but prices were held back by a fall in the investment currency premium. The Gold Mines Index, including the premium, added 0.3 to 152.9 but the ex-premium index improved 1.2 to 97.6.

London-registered Financials were overshadowed by a downturn in the UK equity market but South Africans tended to edge forward in subdued trading. In the latter section Anglo American Corporation attracted Cape interest and improved 5 to 303p following the interim results.

Australians extended their recent rally helped by a good showing in overnight Sydney and Melbourne markets and despite the fall in the premium.

Diamond exploration stocks were well supported with **Conzinc Riotinto** a further 8 better at [illegible]—a [illegible] gain of 18—while **Hampton** gained 4 to 30p and **North West Mining** 2 to 22p.

FT-Actuaries Indices

Most of the Fixed Interest yields for Wednesday, November 22, were in error in yesterday's issue.

Those for medium-coupons 15-years and irredeemables appeared correctly and are repeated in today's display which contains amended figures for the remaining yields.

FINANCIAL TIMES STOCK INDICES

	Nov. 23	Nov. 22	Nov. 21	Nov. 20	Nov. 17	Nov. 16	A year ago
Government Secs.	68.20	68.31	68.19	67.97	68.22	68.27	74.06
Fixed Interest	69.73	69.64	69.53	69.55	69.63	69.66	77.75
Industrial Ord.	476.0	478.6	474.0	468.8	472.8	471.5	456.7
Gold Mines	152.9	152.6	152.5	151.8	151.7	150.2	[illegible]
Gold Mines (Ex-$ pm)	97.6	95.4	96.0	96.0	94.4	92.8	102.4
Ord. Div. Yield	6.04	6.01	6.06	6.12	6.07	6.02	5.80
Earnings Y'ld % (full)	15.85	15.77	15.92	16.18	16.08	16.06	15.60
P/E Ratio (net) (*)	8.16	8.19	8.11	8.00	8.06	8.06	8.19
Dealings marked	3,980	4,301	4,126	4,258	4,796	5,909	5,[illegible]
Equity turnover £m	—	68.11	57.89	46.09	58.50	64.86	79.34
Equity bargains total	—	14,656	14,850	12,963	12,890	13,402	13,981

10 am 479.3. 11 am 479.8. Noon 478.5. 1 pm 477.3. 2 pm 474.3. 3 pm 474.5.

Latest Index 01-246 8026.

* Nil = 7.50.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ pm index started June 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	67.92 (dulls)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	69.50 (16/11)	150.5 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9)	433.4 (2/3)	549.2 [illegible]	49.4 (26/6/40)
Gold Mines	206.8 (14/8)	130.3 [illegible]	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	142.5 [illegible]	90.3 [illegible]	337.1 [illegible]	54.3 [illegible]

S.E. ACTIVITY

	Nov. 23	Nov. 22
Daily		
Gilt Edged	133.5	155.0
Industrials	141.4	152.7
Speculative	22.8	20.5
Totals	90.5	92.9
5-day Average		
Gilt Edged	163.7	166.7
Industrials	137.3	139.9
Speculative	25.5	22.3
Totals	95.0	92.7

LONDON TRADED OPTIONS

[illegible]

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (12)

BUILDINGS (1)
Sabah Timber

BEERS (1)
Morland

CHEMICALS (1)
Stewart Plastics

INDUSTRIALS (6)
Clarke Clement; Hambro Life; Hamlborne; Kershaw A.; [illegible]

PROPERTY (1)
Marlborough

TEXTILES (1)
Sirdar

TRUSTS (1)
Akroyd and Smithers

INDUSTRIALS (2)
Arlen; West Hal.

PROPERTY (1)
Metropolitan

MINES (3)
[illegible]; Falcon

NEW LOWS (11)

BUILDINGS (1)
Gleeson (M. J.)

ENGINEERING (3)
Concentric; Sykes (H.); Margam Bronze

FOODS (1)
Barrow Milling

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	—	56	17
Corpns., Dom. and Foreign Bonds	14	1	46
Industrials	197	348	863
Financial and Prop.	126	64	317
Oils	5	17	15
Plantations	6	5	22
Mines	43	35	63
Recent Issues	5	4	13
Totals	395	530	1,476

APPOINTMENTS

ICI Board and division posts

Two main Board directors and three division chairmen have been appointed by IMPERIAL CHEMICAL INDUSTRIES.

Joining the main Board are Dr. C. H. Reece, at present chairman of Plant Protection Division, who takes over his new duties on *January 1, and Mr. A. H. Clements*, company treasurer, who moves to his new post on March 1.

Retiring from the Board on March 31 are Dr. A. Spinks and Mr. F. J. K. Hillebrandt.

The three division chairmen appointments are—Mond Division: Mr. R. I. Lindsell, currently a deputy chairman, becomes chairman of that division in April 1979, in succession to Dr. V. G. Cove, who is retiring in March next year. Organics Division: Mr. S. E. Blurton, who is a deputy chairman, will be chairman of that division in April, replacing Mr. J. D. Rigg, who is retiring. Plant Protection Division: Dr. A. Hayes, at present Pharmaceuticals Division deputy chairman, is to be chairman of Plant Protection Division from January 1 in place of Dr. Reece. Mr. C. J. Crowe, deputy treasurer of the company, succeeds Mr. Clements as treasurer from March 1979.

New appointments are also announced for ICI Americas Inc. Mr. R. P. Barnett, executive vice-president and chief operating officer, is to become senior executive president on April 1 next year, and Mr. H. Corless and Mr. T. J. Maloney, senior vice-presidents from the same date.

★

Mr. M. F. Garner has been appointed a director of [illegible] Investments from January 1. He will become group finance director on April 1 1979 in succession to Mr. I. G. P. Hogg. From the beginning of next April Mr. Hogg is to be deputy chairman of the group finance committee and will remain a director of TI until his retirement during 1980. Mr. Garner will relinquish his position as finance director of Amalgamated Metal Corporation and resign from that Board at the end of 1978.

At Amalgamated Metal the post of finance director is to be reconstituted into two newly-created executive functions which will not be Board appointments. There will be a director of corporate finance responsible for financial policy, taxation and treasury, and *also a corporate controller,* in charge of financial control, financial reporting and management information. They will operate in consultation with the Board. Mr. V. H. Sher is to be director of corporate finance, and Mr. [illegible] Reeve corporate controller at Amalgamated Metal from December 1.

★

Mr. John W. Gauntlett, deputy chairman of [illegible] and lately a senior partner of Linklaters and Paines, has been appointed to the Board of THOMAS ROBINSON AND SONS as a non-executive director.

★

Sir Patrick G. Hamilton has retired from the board of RENOLD.

★

Mr. E. Ian Ford has been appointed managing director of HEAD WRIGHTSON STAMPINGS and has relinquished his directorship in B and S Massey. The parent concern is Davy International.

★

Professor Roland Smith has resigned from the Board of F. H. LLOYD HOLDINGS to devote more time to his other business commitments. He remains a *consultant to the group.*

★

Mr. J. W. Wyatt, formerly company secretary and a divisional director of HOLLIDAY HALL AND CO., has been appointed commercial director of the company, which is a subsidiary of Matthew Hall and Co.

★

Baron Guy de Rothschild has retired from the Board of the RIO TINTO-ZINC CORPORATION. He was elected a director of the Rio Tinto Company in 1956 and has been on the Board of the Corporation since its formation in 1962.

★

Mr. R. S. Allen, a director of J. and A. Scrimgeour, has been appointed chairman of the SOCIETY OF INVESTMENT ANALYSTS. He has been on the council of the Society since 1968 and became deputy chairman in March this year.

★

Mr. Jack Britz has been appointed to the Board of BOWTHORPE-HELLERMAN as personnel director.

★

Mr. M. J. Clark has been appointed a director of CHARLES FULTON (FOREIGN EXCHANGE) from December 1.

Mr. Mal Jones will join the Board of LILLEY INTERNATIONAL on December 4. Mr. Jones was formerly technical director with Howard-Doris, and was responsible for the construction of the Ninian Central Platform at Loch Kishorn.

★

Mr. Barry Lingard has been appointed non-food director of HILLARDS SUPERMARKETS from December 4, following the resignation of Mr. S. B. Booth. Mr. Lingard, who recently resigned as managing director of Astromarkets, was formerly director of non-food operation at ASDA from 1971 until the beginning of 1978.

★

Mr. John Harpham has been appointed sales director of TI CHESWICK SILENCERS. He will be responsible for sales of the company's original equipment exhaust systems within the UK and European markets.

★

Mr. E. J. Wilcock has been appointed to the Board of SHELLABEAR PRICE DESIGN, a subsidiary of Biwater Shellabear.

★

Mr. J. I. M. Barratt, general manager of the Wolverhampton branch, is joining the Board of JAMES BEATTIE on December 1.

★

Mr. C. G. V. Behan, formerly managing director, and Mr. R. J. Hughes, a director, have become joint managing directors of KONTRON INSTRUMENTS.

★

Mr. Gerald Wightman has been appointed an additional director of ALLIED TEXTILE COMPANIES and he will continue as secretary.

★

Mr. B. G. Skinner, chief general manager and deputy chairman, has been appointed chairman of the ROYAL LONDON MUTUAL INSURANCE SOCIETY. He will be retiring from the executive position of chief general manager on July 31, 1979, and after that date will remain with the Society as non-executive chairman. Mr. W. H. Forsey, *deputy chief general manager*, will become chief general manager from August 1 next year.

★

Mr. B. Allen, general manager of ROCKWELL INTERNATIONAL SERVICES' power tool division, has been elected to the Board as director and general manager.

LEADERS AND LAGGARDS

The following table shows the percentage changes which have taken place since December 30, 1977, in the principal equity sections of the FT Actuaries Share Indices. It also contains the Gold Mines Index.

Engineering Contractors	+19.86
Electricals	+15.84
Mining Finance	+13.53
Wines and Spirits	+10.78
Mechanical Engineering	+10.66
Capital Goods Group	+8.96
Oils	+8.07
Overseas Traders	+7.57
Electronics, Radio and TV	+6.76
Contracting and Construction	+6.26
Newspapers and Publishing	+5.27
Chemicals	+5.43
Consumer Goods (Durable) Group	+3.82
500 Share Index	+3.06
Office Equipment	+2.85
Industrial Group	+2.63
Food Retailing	+2.47
Property	+2.18
Packaging and Paper	+1.79
Motors and Distributors	+1.74
All-Share Index	+1.72
Building Materials	+1.23
Textiles	+1.12
Tobaccos	+1.02
Consumer Goods (Non-durable) Group	+0.99
Food Manufacturing	+0.82
Stores	+0.30
Metal and Metal Forming	+0.09
Gold Mines F.T.	−0.53
Other Groups	−0.75
Breweries	−1.91
Entertainment and Catering	−2.11
Investment Trusts	−2.98
Banks	−5.12
Insurance Brokers	−6.12
Financial Group	−6.22
Household Goods	−6.67
Discount Houses	−7.01
Toys and Games	−7.20
Insurance (Life)	−7.29
Merchant Banks	−7.48
Pharmaceutical Products	−8.15
Insurance (Composite)	−11.99
Shipping	−15.72
Hire Purchase	−16.01

† Percentage changes based on Tuesday, November 21, 1978 indices.

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Nov. 21	Dec. 4	Feb. 22	Mar. 6
Dec. 5	Dec. 18	Mar. 8	Mar. 20
Dec. 19	Jan. 8	Mar. 22	Apr. 3

For rate indications see end of Share Information Service

Stocks to attract money for the call included **Duple International, Comben Group, Lonrho, Corinthian Holdings, Pauls and Whites, Barker and Dobson, Pacific Copper, F.N.F.C., Mount Charlotte Investments, ICI, Provincial Laundries, "Lots," UDS, Burmah Oil and Northern Engineering.** No puts were reported, but double options were arranged in **Duple International, Corinthian Holdings, Pauls and Whites and U.D.T.**

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
BP	£1	15	924	−2	926	720
Beecham New	Nil/pd.	12	38pm	−2	41pm	28pm
ICI	£1	10	359	−3	421	328
BATs Defd	25p	9	243	−1	304	227
Shell Transport	25p	9	574	−6	602	484
Barclays Bank	£1	8	350	+2	368	296
GEC	25p	8	316	−2	340	233
HK & Shanghai	$HK2.50	8	239	−16	360	203
House of Fraser	25p	8	134	−11	177	120
Distillers	50p	6	200	−2	215	162
Dunlop	50p	6	66	−1	90	63
Grand Met.	50p	6	106½	−¼	121	87
Ladbroke	10p	6	164	−2	215	154
Marks & Spencer	25p	6	84	−1	94	67½
Tesco Stores	5p	6	52	−2	57	38

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur., Nov. 23, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Wed. Nov. 22 Index No.	Tues. Nov. 21 Index No.	Mon. Nov. 20 Index No.	Fri. Nov. 17 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	228.41	−0.3	17.20	5.55	7.96	229.16	227.67	225.90	227.58	191.49
2	Building Materials (27)	194.92	−0.5	18.12	5.81	7.59	195.89	194.28	192.28	193.19	178.52
3	Contracting, Construction (28)	363.56	−0.1	20.41	4.46	7.03	363.91	361.49	361.01	362.85	307.33
4	Electricals (14)	530.05	−0.8	13.85	3.51	9.95	534.19	530.79	523.96	531.33	399.87
5	Engineering Contractors (14)	357.19	—	18.24	6.22	7.44	357.07	356.88	354.63	358.71	266.46
6	Mechanical Engineering (72)	179.33	−0.1	18.73	6.21	7.12	179.55	178.11	177.24	178.04	151.67
8	Metals and Metal Forming (16)	161.61	+0.1	16.97	8.04	8.19	161.38	160.85	160.04	160.82	153.54
	CONSUMER GOODS										
11	(DURABLE) (53)	201.43	−0.5	17.30	5.32	7.70	202.43	200.98	199.28	200.12	183.65
12	Lt. Electronics, Radio, TV (16)	249.10	−0.2	14.59	4.12	9.61	249.62	248.01	245.89	247.59	219.89
13	Household Goods (12)	171.42	−0.1	17.62	6.64	7.79	171.55	170.46	169.55	169.82	176.10
14	Motors and Distributors (25)	119.27	−1.1	21.86	7.06	5.74	120.57	119.54	118.46	118.49	112.23
	CONSUMER GOODS										
21	(NON-DURABLE) (172)	205.76	−0.7	16.20	6.09	8.32	207.26	205.80	203.51	204.54	186.89
22	Breweries (14)	225.01	−1.1	15.08	6.34	9.23	227.47	225.92	223.83	224.66	213.51
23	Wines and Spirits (6)	280.91	−1.1	15.29	5.12	9.66	283.91	280.28	278.64	278.89	220.05
24	Entertainment, Catering (17)	257.06	−0.6	14.42	6.04	10.12	258.69	255.89	252.92	254.11	237.94
25	Food Manufacturing (19)	202.89	−0.3	18.76	5.50	7.11	203.49	202.77	200.66	201.83	187.33
26	Food Retailing (15)	220.38	−1.3	14.16	5.37	9.88	223.31	220.55	216.93	216.69	191.79
32	Newspapers, Publishing (12)	367.60	−0.7	21.88	6.58	6.45	370.37	364.75	365.73	367.81	320.47
33	Packaging and Paper (15)	132.40	—	19.46	7.83	6.77	132.40	132.29	129.89	131.62	119.89
34	Stores (40)	192.60	−1.1	11.95	4.82	12.03	194.83	194.12	192.07	193.48	178.21
35	Textiles (25)	176.26	+0.1	18.39	8.30	7.05	176.01	172.98	172.04	173.46	160.05
36	Tobaccos (3)	230.54	−0.3	23.88	8.13	4.96	231.33	229.24	225.68	225.68	206.80
37	Toys and Games (6)	94.20	+0.7	23.83	6.67	4.94	93.53	93.53	90.65	90.12	100.87
41	OTHER GROUPS (99)	192.67	−0.5	16.15	6.41	7.95	193.67	192.33	190.84	192.16	181.69
42	Chemicals (19)	271.77	−1.1	16.85	6.96	7.72	274.77	273.36	272.03	273.70	248.68
43	Pharmaceutical Products (7)	243.03	—	11.42	4.79	10.61	242.99	240.43	238.44	240.96	[illegible]
44	Office Equipment (6)	127.13	−0.7	19.11	6.00	6.24	128.01	127.86	125.24	126.72	118.50
45	Shipping (10)	400.80	+0.3	15.09	7.59	8.41	399.75	395.90	393.90	400.63	440.10
46	Miscellaneous (57)	208.55	−0.4	18.07	6.76	7.34	209.35	208.11	206.15	206.66	187.86
49	INDUSTRIAL GROUP (495)	214.52	−0.6	16.53	5.97	8.09	215.71	214.22	212.24	213.53	192.95
51	Oils (5)	515.74	−0.6	13.55	3.90	8.01	518.97	516.31	511.26	509.82	493.38
59	500 SHARE INDEX	239.37	−0.6	16.06	5.66	8.08	240.74	239.14	236.91	238.01	212.45
61	FINANCIAL GROUP (100)	163.48	−0.1	—	5.97	—	163.63	161.67	160.31	161.12	154.55
62	Banks (6)	188.05	+0.2	24.82	6.23	6.04	187.77	186.01	184.94	186.53	178.53
63	Discount Houses (10)	207.96	+0.1	—	8.46	—	207.72	208.94	205.32	204.75	196.49
64	Hire Purchase (5)	139.98	+0.7	17.40	5.89	7.58	139.03	139.48	137.02	137.13	150.42
65	Insurance (Life) (10)	133.49	−0.1	—	7.03	—	133.62	130.02	127.95	129.11	125.95
66	Insurance (Composite) (7)	123.26	−0.2	—	7.11	—	123.54	121.07	119.89	120.25	124.10
67	Insurance Brokers (10)	316.15	−0.4	15.11	5.29	9.45	317.42	314.39	313.66	314.12	304.86
68	Merchant Banks (14)	76.02	−0.1	—	6.45	—	76.07	76.21	75.97	75.88	78.62
69	Property (31)	250.77	−0.3	3.72	3.00	44.80	251.43	250.04	247.35	248.64	206.17
70	Miscellaneous (7)	107.01	—	23.64	7.86	5.47	106.96	106.75	106.79	106.92	99.54
71	Investment Trusts (50)	204.05	+0.5	—	5.23	—	203.10	201.66	200.18	200.81	198.90
81	Mining Finance (4)	100.79	+0.4	18.65	7.06	6.60	100.41	100.55	99.17	100.94	85.20
91	Overseas Traders (19)	299.94	−1.6	16.42	7.83	7.63	304.84	302.24	300.71	305.48	266.85
99	ALL-SHARE INDEX (673)	218.85	−0.4	—	5.76	—	219.84	218.21	216.25	217.31	200.99

FIXED INTEREST PRICE INDICES

	British Government	Thur. Nov. 23	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	103.34	−0.11	—	8.19
2	5-15 years	111.99	−0.25	—	8.32
3	Over 15 years	116.10	−0.24	—	12.55
4	Irredeemables	128.58	—	—	13.32
5	All stocks	109.88	−0.19	—	9.91

	FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.		Thur. Nov. 23	Wed. Nov. 22	Year ago (approx.)
1	Low	5 years	9.58	9.55	7.34
2	Coupons	15 years	11.53	11.49	10.06
3		25 years	12.21	12.17	10.70
4	Medium	5 years	12.63	12.57	[illegible]
5	Coupons	15 years	12.74	12.70	10.82
6		25 years	12.74	12.70	11.08
7	High	5 years	12.59	12.51	[illegible]
8	Coupons	15 years	13.27	13.22	[illegible]
9		25 years	13.33	13.30	11.95
10	Irredeemables		12.12	12.12	10.57

		Thurs., Nov. 23 Index No.	Yield %	Wed. Nov. 22	Tues. Nov. 21	Mon. Nov. 20	Friday Nov. 17	Thurs. Nov. 16	Wed. Nov. 15	Tues. Nov. 14	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	55.22	13.43	55.14	55.14	55.14	55.14	56.10	56.10	56.10	62.07
16	Investment Trust Prefs. (15)	51.86	13.60	51.54	51.64	51.54	51.64	51.54	51.54	51.64	57.14
17	Coml. and Indl. Prefs. (20)	71.42	13.10	71.68	71.63	71.62	71.61	71.59	71.62	71.56	77.45

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

هكذا في الأصل

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

INSURANCE AND PROPERTY BONDS

For Charterhouse Japhet see James Finlay

Chieftain Trust Managers Ltd.♥ (a)(g)
New St. EC2M 4TP. 01-283 2632

American	(z)20.3	21.8	+0.2	1.84
Far Eastern Trust	—	25.8	.....	1.80
High Income	41.1	44.3	+0.1	9.32
International Tst.	(z)23.3	24.9	+0.2	2.80
Basic Resrce. Tst.	25.4	27.4	.....	4.52
Grth. Growth Tst.	22.9	24.7	.....	7.57

Confederation Funds Mgt. Ltd.♥ (a)
50 Chancery Lane, WC2A 1HE 01-242 0282

Growth Fund	44.2	46.4	.....	4.14

Cosmopolitan Fund Managers.
Pont Street, London SW1X 9EJ. 01-235 8525.

Cosmopoln. Gth. Fd.	17.6	18.9	.....	5.22
Income Fd.	48.0	51.0xd	.....	11.30

Crescent Unit Tst. Mgrs. Ltd. (a)(g)
Melville Cres., Edinburgh 3. 031-226 4931

Amer. Fd.	22.2	23.8xd	.....	1.73
Internat'l.	56.1	60.2	−0.3	1.00
High. Dist.	43.8	47.0xd	+0.1	9.18
Reserves	39.1	41.9	−0.1	5.87
Tokyo	25.0	26.9	−0.3	1.94

Discretionary Unit Fund Managers
Blomfield St., EC2M 7AL. 01-638 4485

Income. Nov. 10	170.6	182.0xd	.....	5.48

E. F. Winchester Fund Mngt. Ltd.
Old Jewry, EC2 01-606 2167

Great Winchester	18.0	19.4	.....	4.94
Winch'er O'seas	17.6	19.6	.....	4.53

Emson & Dudley Tst. Mngmnt. Ltd.
20, Arlington St., S.W.1. 01-499 7551

Emson Dudley Tst.	71.1	76.4	.....	3.81

For Equitas Securities Ltd. see Abbey Unit Trust Mngrs.

Equity & Law Un. Tr. M.♥ (a)(b)(c)(z)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	65.6	69.0	−0.1	4.50

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041 204 1321

Finlay Internat'l.	21.2	22.8	.....	2.74
Accum. Units	25.1	27.0	.....	2.74
Finlay Income	34.4	37.0	.....	8.25
Finlay Euro. Fin.	26.8	28.8	.....	2.62
Accum. Units	31.7	34.1	.....	2.62
J. Finlay Fd. In. Tst.	26.8	28.8	.....	4.42
Accum. Units	31.7	34.1	.....	4.42

—Prices Nov. 22. Next dealing Nov. 29.

M & G Group (continued)

Extra Yield	85.5	91.1	+0.4	8.72
(Accum. Units)	117.7	125.3	+0.7	8.72
Far Eastern	50.4	53.7	+1.3	3.36
(Accum. Units)	55.7	59.3	+1.4	3.36
Fund of Inv. Tsts.	58.6	62.4xd	+0.2	5.44
(Accum. Units)	72.8	77.5	+0.2	5.44
General	168.0	178.9	+1.3	6.18
(Accum. Units)	261.4	278.4	+2.0	6.18
High Income	105.2	112.0	+0.5	8.66
(Accum. Units)	176.9	188.4	+0.7	8.66
Japan	174.0	185.3xd	+0.6	2.66
(Accum. Units)	176.6	188.1	+0.6	2.66
Magnum	200.4	215.4	+2.1	4.75
(Accum. Units)	252.9	271.6	+2.6	4.75
Midland	177.3	188.8xd	+0.9	7.27
(Accum. Units)	300.7	320.2	+1.5	7.27
Recovery	85.8	91.4	+0.4	4.15
(Accum. Units)	88.5	96.3	+0.4	4.15
Second Gen.	172.8	187.5	+1.0	5.30
(Accum. Units)	262.6	284.9	+1.7	5.30
Smaller Cos.	164.8	178.0	+0.6	4.34
(Accum. Units)	209.7	227.5	+0.9	4.34

Specialised Funds

Trustee	146.9	156.0	+1.1	6.87
(Accum. Units)	289.6	305.5	+2.2	6.87
Charibond Nov. 21		105.2xd	.....	11.57
Charifd. Nov. 21	143.4	145.6xd	.....	8.18
(Accum. Units)	187.0	189.8	.....	8.18
Pens. Ex. Nov. 20	136.6	144.1xd	.....	6.07

ManuLife Management Ltd.
St. George's Way, Stevenage. 0438 56101

Growth Units	54.1	56.9	.....	4.47

Mayflower Management Co. Ltd.
14/18 Gresham St., EC2V 7AU. 01-606 8089

Income Nov. 21	103.1	108.5	−1.2	8.99
General Nov. 21	68.9	72.5	+0.6	5.83
Internl. Nov. 21	43.5	45.8	−0.1	3.00

Mercury Fund Managers Ltd.
30, Gresham St., EC2P 2EB. 01-600 4555

Merc. Gen. Nov. 22	190.9	203.1	.....	4.78
Acc. Uts. Nov. 22	252.7	268.8	.....	4.78
Merc. Int. Nov. 22	65.6	69.8	.....	3.19
Acc. Uts. Nov. 22	70.8	75.3	.....	3.19
Merc. Exd. Oct. 26	243.7	253.9	.....	4.40
Accm. Uts. Sept. 26	295.4	307.7	.....	4.40

Midland Bank Group Unit Trust Managers Ltd.♥ (a)
Courtwood House, Silver Street, Head, Sheffield, S1 3RD. Tel 0742 79842

Commodity & Gen.	62.0	67.9xd	.....	5.73
Do. Accum.	73.1	80.0	−0.1	5.73
Growth	35.8	38.5	−0.4	3.35
Do. Accum.	38.4	41.3	−0.4	3.35
Capital	25.7	27.7	−0.1	4.07
Do. Accum.	28.2	30.3	−0.1	4.07
Income	51.2	55.1	+0.1	6.89
Do. Accum.	59.8	64.3	+0.1	6.89
International	41.9	45.3	−0.6	3.38
Do. Accum.	44.7	48.2	−0.6	3.38
High Yield	61.6	66.1	.....	8.54
Do. Accum.	67.2	72.3	+0.1	8.53
Equity Exempt*	103.6	109.3	+1.1	6.00
Do. Accum.*	103.6	109.3	+1.1	6.00
Japan & Pacific	47.8	50.0	.....	1.00
Do. Accum.	47.0	50.0	.....	1.00

*Prices at Nov. 7. Next dealing Dec. 1.

CORAL INDEX: Close 471-476

INSURANCE BASE RATES

†Property Growth 10¼%
†Vanbrugh Guaranteed 10.75%
†Address shown under Insurance and Property Bond Table.

G.T. Management (continued)

G.T. Dollar Fd.		$US6.75	+0.23	2.40
G.T. Dlr. (Strlg.) Fd.	£8.30	8.65	.....	—
G.T. Pacific Fd.		$US16.51	+0.09	0.96
G.T. Philippine Fd.	$US9.57	10.23	.....	—

Gartmore Invest. Ltd. Ldn. Agts.
2, St. Mary Axe, London, EC3 01-283 3531

Gartmore Fund Mngt. (C.I.) Ltd. (a)(h)
41, Broad St., St. Helier, Jersey 0534 73741

Gilt Fund (Jersey)	95.00	100.0	.....	12.25

Gartmore Fund Mngt. (Far East) Ltd. (a)(h)
1503 Hutchison Hse, 10 Harcourt Rd, H.Kong

HK & Pac. U. Tst.	$HK3.715	3.950	.....	1.40
Japan Fd.	$US18.36	19.20	.....	0.50
N. American Tst.	$US10.20	10.67	+0.51	1.80
Intl. Bond Fund	$US10.34	10.82	−0.10	5.60

Gartmore Investment Mngt. Ltd. (a)
P.O. Box 32, Douglas, IoM. 0624 23911

Gartmore Intl. Inc.	20.7	22.0	.....	11.50
Gartmore Intl. Grth.	68.4	72.8	.....	2.40

Hambro Pacific Fund Mgmt. Ltd.
2110, Connaught Centre, Hong Kong

Far East Nov. 22	$HK14.18	14.98	.....	—
Japan Fund	$US9.79	10.29	.....	—

Hambros Bank (Guernsey) Ltd./ Hambros Fd. Mgrs. (C.I.) Ltd.
P.O. Box 86, Guernsey 0481-26521

C.I. Fund	142.8	152.1xd	.....	3.70
Intnl. Bond	$US108.64	112.00	.....	8.50
Int. Equity	$US10.94	11.28	.....	2.10
Int. Svgs. 'A'	$US1.06	1.09	.....	—
Int. Svgs. 'B'	$US1.12	1.15	.....	—

Prices on Nov. 22. Next dealing Nov. 29.

Henderson Baring Fund Mgrs. Ltd.
605, Gammon House, Hong Kong

Japan Fd. Nov. 22	$US22.83	23.82	−0.55	—
Pacific Fd.* Nov. 22		$US8.619	−0.248	—
Bond Fd. Nov. 17		$US10.599	.....	—

*Exclusive of any prelim. charges.

Hill-Samuel & Co. (Guernsey) Ltd.
8 LeFebvre St., Peter Port, Guernsey, C.I.

Guernsey Tst.	147.4	157.7xd	−2.5	5.62

Hill Samuel Invest. Mgmt. Intnl
P.O. Box 63, Jersey. 0534 27381

HS Channel Is. F.	118.0	126.2	.....	3.00

Box 2622, Bern, Switzerland. Telex 33425

H.S. Overseas Fd.	$US18.18	18.91	+0.09	—
C.S.F. Fd. (Accum.)	SF16.09	16.39	−0.13	—
Crossbow Fd. (Acc.)	SF3.80	3.89	−0.02	—
ITF Fd. (Acc.)	$US8.85	8.17	.....	—

International Pacific Inv. Mngt. Ltd.
PO Box R237, 56, Pitt St., Sydney, Aust.

Javelin Equity Tst.	$A2.23	2.34	.....	—

J.E.T. Managers (Jersey) Ltd.
PO Box 98 Channel House, Jersey. 0534 73673

Jersey Extrnl. Tst.	171.0	181.0	.....	—

As at Oct. 31. Next sub. day Nov. 30.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.		HK$378.56	.....	1.98
Jardine Jpn. Fd.*		HK$410.21	.....	0.80
Jardine S.E.A.		$US17.37	.....	2.00
Jardine Flem. Int.		HK$11.73	.....	—
Intl. Pac. Secs. (Inc.)		HK$14.19	.....	—
Do. (Accum.)		HK$14.33	.....	—

NAV Nov. 14. *Equivalent $US85.55 Next sub. Nov. 30.

Tokyo Pacific Holdings N.V.
Intimis Management Co. N.V., Curacao
NAV per share Nov. 20 $US62.20

Tokyo Pacific Hldgs. (Seaboard) N.V.
Intimis Management Co. N.V., Curacao
NAV per share Nov. 20. $US46.83

Tyndall Group
P.O. Box 1256 Hamilton 5, Bermuda. 2-2760

O'seas Nov. 22	$US1.13	1.19	−0.02	6.00
(Accum. Units)	$US1.79	1.89	−0.02	6.00
3-Way Int. Nov. 16	$US2.69	2.83		—

2 New St., St. Helier, Jersey 0534 37331/3

TOFSL Nov. 23	£7.20	7.65		—
(Accum. Shares)	£11.35	12.20	+0.05	—
American Nov. 23	78.0	83.5	+2.0	2.00
(Accum. shares)	78.5	84.5	+2.5	2.00
Far East Nov. 23	83.5	89.5	−1.5	2.00
(Accum. shares)	83.5	89.5	−1.5	2.09
Jersey Fd. Nov. 22	210.0	222.6	−2.4	7.08
(Non-J. Acc. Uts.)	296.8	314.8	−3.6	7.08
Gilt Fund Nov. 22	102.0	104.0	+0.2	11.54
(Accum. Shares)	139.4	142.0	+0.2	11.54

Victory House, Douglas, Isle of Man. 0624 24111.

Managed Nov. 16	134.8	142.0	.....	—

Unilife Assurance (Overseas) Ltd.
P.O. Box 1388, Hamilton 5-31, Bermuda

Internl. Mngd. Fd.	$US1.09	—	.....	—

Union-Investment-Gesellschaft mbH.
Postfach 16767, D 6000 Frankfurt 16

Atlanticfonds	11.35	12.00		—
Europafonds	25.45	25.80	−0.20	—
Unifonds	17.95	18.90	.....	—
Unirenta	38.35	39.60	.....	—
Unispecial I	60.70	63.80	−0.09	—

Utd. Intnl. Mngmnt. (C.I.) Ltd.
14, Mulcaster Street, St. Helier, Jersey.

U.I.B. Fund	$US102.34	108.83	.....	7.50

United States Tst. Intl. Adv. Co.
14, Rue Aldringer, Luxembourg

U.S. Tst. Inv. Fnd.	$US28.47	—	.....	0.96

Net assets Nov. 21.

S. G. Warburg & Co. Ltd.
30, Gresham Street, EC2. 01-600 4555

Cnv. Bd. Nov. 22		$US9.23	−0.03	—
Eng. Int. Nov. 22		$US17.21	−0.07	—
Gr. St. $Fd. Oct. 31		$US7.10	.....	—
Merc. Ebd. Nov. 21	$US10.29	10.48	.....	0.1717
Merc. Mny. Mkt. Nov. 21	£10.12	10.13	.....	—

Warburg Invest. Mngt. Jrsy. Ltd.
1 Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. Oct. 28	$US14.57	14.95	.....	—
CMT Ltd. Oct. 28	£14.62	15.00	.....	—
Metals Tst. Nov. 16	£12.73	13.04	.....	—
TMT Nov. 9	$US9.96	10.21	.....	—
TMT Ltd. Nov. 9	£9.87	10.13	.....	—

World Wide Growth Management◆
10a, Boulevard Royal, Luxembourg.

Worldwide Gth. Fd.		$US14.58	+0.11	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. * Guernsey gross. ‡ Suspended. ◆ Yield before Jersey tax. † Ex-subdivision.

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Five to Fifteen Years

Over Fifteen Years

Undated

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CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	Antofagasta Rly	23½	.....	—	—
41	33	Do 5pc Pref	39xd	.....	1½p	—
95	98	Chilean Mixed	98	.....	—	13 10
415	350	German Yng 4½pc	411	.....	4½	—
52	46	Greek 7pc Ass	50	.....	3½	17 20
51	46	Do 6pc 28 Stab Ass	49	.....	6	16 24
44	40	Do 4pc Mixed Ass	40	.....	4	15 13

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 36⅞% (based on US$1.9475 per £)
Conversion factor 0.7148 (0.7185)

CANADIANS

S.E. List Premium 36⅞% (based on $2.2857 per £)

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GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents

$15¾	$10¼	Blyvoor R1	$20¾	+⅛	Q170c	1.8	18.2
$11¾	930c	East Drie R1	875c	+10	Q78c	1.7	10.3
585c	330c	East Rand Prp R1	385c	−5	—	—	—
$28¾	$16½	F.S. Geduld 50c	$17¾	+⅜	Q315c	♦	20.5
$15½	975c	Pres. Brand 50c	$11½	+½	Q150c	♦	15.0
$13¾	900c	St. Helena R1	$10¼	+¼	Q190c	♦	21.4
465c	313c	Stilfontein 50c	390c	+5	Q22c	2.3	6.5
$17⅞	$16⅝	Vaal Reefs 50c	$17⅛	−⅛	Q115c	3.3	7.7
$37	$25	West Drie R1	$28¾	+½	Q385c	1.7	15.7
$31¼	$19	West Hldgs. 50c	$21	+½	Q415c	♦	22.8
$12½	895c	Western Deep R2	$10⅛	+¼	Q82.5c	2.4	9.4

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- ‡ Forecast dividend: cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✦ Regional price.
- ∥ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. [illegible] Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1978-79. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1977. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: ex dividend; ex scrip issue; ex rights; ex all; ex capital distribution.

"Recent Issues" and "Rights" Page 40

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	
Ash Spinning	49	+1
Bertam	15	
Bdg'wtr Est. 50p	323	
Clover Croft	28	
Craig & Rose £1	615	
Dyson (R. A.) A	35	−2
Ellis & McHdy.	66	
Evered	24	
Fife Forge	52	
Finlay Pkg. 5p	21	
Graig Ship £1	140	
Higsons Brew.	75	
Holt (Jos.) 25p	252	
I.O.M. Stm. £1	173	
Nths. Goldsmith	74	+4
Sheffield Brick	55	−2
Sheff. Refrshmt.	67	
Sindall (Wm.)	114	

IRISH

Conv. 9% '80/82	£89⅝	+⅛
Alliance Gas	68	
Arnott	360	
Carroll (P.J.)	100	
Clondalkin	95	+1
Concrete Prod.	130	
Heiton (Hldgs.)	49	
Ins. Corp.	160	
Irish Ropes	105	
Jacob	52	

OPTIONS

3-month Call Rates

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Friday November 24 1978

MPs will get chance to vote before final EMS decision

BY ELINOR GOODMAN AND PETER RIDDELL

THE PRIME MINISTER made it clear yesterday that there was no question of Britain taking a final decision on joining the European Monetary System at the Summit meeting in Brussels next month.

Speaking to Labour MPs he said that the Government would not commit Britain to joining the system before the Commons had voted on it.

There would be no such vote at the end of next Wednesday's debate on EMS, he said. The *proceedings* would not, he stressed, be binding on the Government, but would give Ministers an opportunity to hear MPs' views before deciding the first question which had to be faced, whether the system should be set up at all.

Decision

The decision on whether the system should be established was, he said, separate from the question of whether Britain should join.

It was this decision of whether the system should be established which Mr. Callaghan indicated would be taken in Brussels.

The Commons debate on Wednesday will be on an adjournment motion rather than a yes or no on the scheme.

This is partly because the Cabinet will not reach a formal decision on Britain's position at the summit until next Thursday.

Today, Mr. James Callaghan is talking in Paris with President Giscard d'Estaing in another round of meetings before the summit.

It is remotely possible that the Green Paper could be delayed until after the weekend. But it is clear that it will outline the background to the British objectives in the talks.

The British approach has become clear in the last fortnight after EEC meetings and bilateral talks with other governments.

Britain is unlikely to agree to link sterling with other EEC currencies from January. The Government believes the studies have not resolved all the technical and economic problems and that the likely scheme is too like the present European joint float, the snake, to last.

Senior Ministers do not, however, want to close the door on the system as a whole or to isolate the UK from the rest of the EEC. Consequently, Britain will not try to delay the start of the system but will press for a continuation of the discussions on the broader proposals next year in the hope that when the studies have reached a successful conclusion, the UK will be ready to join.

The idea of association, if not full initial participation, was hinted at on Monday at the meeting of EEC finance Ministers, including Mr. Denis Healey, the Chancellor, when it was agreed that even those countries which did not join the system would be entitled to take part in a review of its operation after six months.

Dominated

The Parliamentary Labour Party is to hold a special meeting on Tuesday to discuss the whole question of the monetary system.

The meeting will be addressed by Mr. Healey. At yesterday's weekly meeting of the PLP, MPs made their reservations about any move to monetary union very clear indeed.

Speakers repeatedly called for assurances that no commitment to join would be taken without the approval of the Commons.

Mr. Callaghan said that though no new legislation would be needed to take Britain into the system, the Government would not take a decision on joining without giving MPs the opportunity to vote.

Robert Mauthner writes from Paris: The talks which Mr. Callaghan is to have here to-day with President Giscard are expected to be dominated by the proposed monetary system.

The Prime Minister is also due to hold discussions with M. Raymond Barre, the French Prime Minister.

Mr. Callaghan will be accompanied by Foreign Secretary Dr. David Owen, Mr. Healey, Mr. Eric Varley, the Industry Secretary, and the Trade Secretary, Mr. John Smith.

All the ministers will have separate talks with their French opposite numbers before meeting in full session.

France has made no secret that it would like the UK to join the EMS. With the British pound and the Italian lira inside the system, the French franc would clearly be under less strain than it would if it were linked only to the stronger European currencies.

For political reasons, too, British participation would improve the prospects for the creation of a full European economic and monetary union, which remains one of the Community's fundamental long-term objectives.

Receivers called in at Belfast McNeill Group

By Christine Moir

RECEIVERS WERE called in yesterday to McNeill Group, the Belfast engineers, as Mr. Graham Ferguson-Lacey, a former chairman, announced that he would ask his solicitors whether there were grounds for a Department of Trade inquiry into the company's affairs.

McNeill's shares were suspended this month pending a review of its financial position. In 1977 it lost £1.3m before tax but last September Mr. D. E. McNeill, then chairman, said that some improvement might be expected this year because trade had increased.

In May the company announced that it had won a £21m contract from Libya to build 700 houses.

Mr. Ferguson Lacey, who had bought a 28 per cent stake in McNeill, became chairman at the beginning of last month and immediately announced that interim losses to June were £687,000 on sales of £6.13m compared with £140,000 and £6.6m the previous year. Turnover for the whole of 1977 was £12.1m.

Last Monday Mr. Ferguson Lacey resigned after a boardroom row. He explained yesterday that the disagreement was over appointing a receiver. He failed to obtain board support for that.

Yesterday Mr. Ferguson Lacey said that he had conducted a thorough review of the group's affairs after becoming chairman. That led him to believe that the company's position was "worse than the report and accounts indicated."

In particular, "it was questionable whether the Libyan contract was self-financing or in fact likely to prove profitable."

He explained that second-stage payments on the contract were eight months overdue. Moreover, any hope of profit had been eliminated by fluctuations in the dollar, which had wiped £1m off the value of the contract.

Those factors led him to suspend the company's shares.

Now, Mr. Ferguson Lacey says, he is consulting his local advisers because his company invested in McNeill on the basis of "published information."

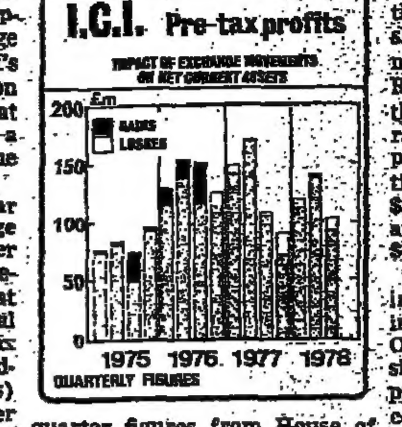
McNeill's auditors, Robson Rhodes, were unavailable for comment last night.

THE LEX COLUMN

Sluggish prices hold back ICI

The third quarter is traditionally the weakest for ICI but nonetheless pre-tax profits of £83m against £105m in the comparable quarter of last year are disappointing. Even after stripping out £22m of exchange losses in the third quarter ICI's profits are marginally down on a year ago despite the fact that the group has experienced a healthy growth in sales volume in the intervening period.

Index fell 2.6 to 476.0



After nine months of the year ICI's profits, excluding exchange rate movements, are some 15 per cent down. Currency movements should be somewhat kinder to ICI in the final quarter but even so pre-tax profits for the full year (including exchange rate movements) will probably be of the order of £460m against £488m last year and £540m in 1976.

Next year ICI should start getting some benefit from its stake in the Ninian oil field in the North Sea which could be contributing maybe £100m per annum to profits in the 1980s. However these latest results continue to underline the fact that ICI in common with the other chemical majors is still not getting the sort of price increases that might be expected given the growth in volume.

Aside from the negative impact of the appreciation of sterling during the third quarter, ICI has had to digest a new pay settlement costing £10m plus per quarter and continuing labour problems up on Teesside could have knocked another £10m off its profits. In addition, spot naphtha prices have risen by around 50 per cent this year which will put further pressure on ICI's margins until its own North Sea oil starts to filter through.

On the positive side there are signs that the continental European economies are recovering and there are some indications of a revival in industry stock building. However, this still has to be reflected in prices.

The ICI share price has underperformed the market for the last two years. Any sustained improvement in industry prices should soon flow through to ICI's shares which, at 358p, are yielding a prospective 7½ per cent—nearly 2 per cent above the market average.

House of Fraser

London is no longer the world's favourite shopping centre, to judge by the third quarter figures from House of Fraser. In the August-October period of the two previous years, the group's margins and profits were far higher than in the trading period between May and July. This time, they are lower than in the preceding quarter, and the main explanation is that although the provincial shops are doing well, profits from Harrods and the other London stores are lower than they were last time.

The upshot is that after rising by a half in the first six months, profits after nine months are just 23 per cent up at £15.2m. Other reasons for the disappointment are that sales growth has been uninspiring in some fashion areas, while the group has failed to counter the impact of higher labour costs as quickly as hoped.

House of Fraser is looking for good Christmas and January sales—to set against a rather lacklustre performance in the London business during the comparable period last year. But growth at the provincial stores has now been accelerating for about 12 months, and overall profits for the year may not be much above £40m against £36.2m last time. That could still leave room for a dividend increase of roughly 15 per cent, taking the yield at 134p up to 6 per cent.

Redland

Is Redland planning to increase this year's total dividend by 20 per cent? This question is raised by the company's announcement yesterday that the interim payment is to increase by a fifth. Only a few months ago Redland's chairman was warning that the best the company would be able to do in the current year was 10 per cent because of the very high cover of 1973-74. Redland is saying nothing about its plans though the impression is that shareholders need not worry too much. The likelihood is that Redland will seek freedom from the controls when it comes to raising funds to pay for the planned $100m of U.S. acquisitions. Here one deal costing $26m has already been arranged and another, for around $30m-$40m, is on the cards.

Meanwhile the interim trading picture at Redland's existing businesses looks satisfactory. On a group sales increase just short of 18 per cent pre-tax profits come out almost 30 per cent better at £21.7m. The improvement has come mainly from the UK side where the profits boost is about 25 per cent—mainly thanks to a 15 per cent gain in aggregate sales volumes. The weak overseas figures are being explained by bad weather in Germany where tile sales are now running 5 per cent ahead. The outlook for the year is for pre-tax profits around £48m (£39.4m), which puts the shares at 154p on a fully taxed p/e of about 6½. The prospective yield could be 5 per cent.

Rothmans

Interim pre-tax profits at Rothmans International are £8m higher at £64m. But the figures include a £7½m first time contribution from the new subsidiary, Rothmans of Pall Mall Canada. Leaving aside Canada — where cigarette profits are slightly down, but beer is up—it is clear that the original group has had an unspectacular six months.

Part of the explanation is lower UK export profits, thanks to the weakness of the dollar and a change in duty arrangements. But the basic UK cigarette business has done well and Rothmans now claims a market share of about 14 per cent. Another reason for the pressure on margins is the German subsidiary, which has had to go without a price increase for almost two years despite a recent increase in VAT. The whole picture will change when that increase eventually comes through. As it is, Rothmans should be able to make £108m (£80.6m) in the full year, to give a fully diluted and taxed multiple of only 3½ on yesterday's price of 59p.

Lloyd's worried by big computer liabilities

BY JOHN MOORE

LEADING Lloyd's of London underwriters are investigating their individual liabilities on a large and complex series of claims on computer insurances which have hit the Lloyd's market.

No indication of the likely extent of the losses was forthcoming from Lloyd's, although the community is treating this matter as a major claim. The total amount of insurance cover on this business at Lloyd's has been estimated to be in excess of $100m.

Lloyd's said yesterday that the underwriters were assessing the situation, but it is likely to be some months before underwriters can calculate the full extent of any losses arising from the claims.

Unhappy

Most of the latest series of claims from the United States are understood to involve insurances on computer leasing agreements. Leasing companies were able to insure themselves at Lloyd's against clients terminating their agreements earlier than the stated agreement period.

Underwriters have been known to be unhappy with this class of business for some time now because of the high level of claims in relation to premiums. They have not written policies on the business for a year, but existing policies have been honoured as and when claims have arisen.

The insurance broker which placed the business at Lloyd's is Adam Brothers Contingency, which said yesterday: "We consider it is not our place to comment."

BBC takes out soccer writs

BY LISA WOOD

THE BBC said yesterday that it had taken out High Court writs against London Weekend Television and the Football League over their exclusive television soccer deal announced last week.

The BBC seeks a declaration that LWT was bound by an agreement under which the Corporation and all the commercial television companies negotiated jointly, and not unilaterally, for new arrangements governing televised League soccer.

The BBC asks also for an injunction to prevent the Football League and LWT putting their deal into effect.

It seeks damages from LWT for breach of the agreement governing joint negotiations. It claims damages from the League and LWT for conspiring to injure the BBC by negotiating a deal in breach of an existing agreement.

The action will be in the Commercial Court, part of Queen's Bench Division.

It follows last week's unsuccessful attempt by the Corporation to apply for a High Court injunction to stop the signing of the £5m contract, effective for three years from next July. The Corporation's solicitors failed to assemble the BBC case before the contract was signed.

Comment refused

LWT declined last night to comment on the BBC action. The Football League said only that it had instructed its solicitors to accept service of the writ.

Earlier this week Mr. Robert Maclennan, Prices Under-Secretary, said in the Commons that Mr. Gordon Borrie, Director of Fair Trading, was making inquiries about the £5m deal. He told MPs that Mr. Borrie would investigate the issue "with respect to restrictive trade practices legislation."

Mr. Maclennan's comments came after a call from Mr. John Ellis, Labour MP for Brigg and Scunthorpe, for the Government to "strengthen the voice of the consumer" over independent television. He spoke of a threat of monopoly in football coverage.

BBC Television first screened Match of the Day, which London Weekend has said its programme would replace, in August 1964. The BBC has claimed an average viewing figure of 8.3m people.

Weights and Measures Bill likely to be blocked by Tories

BY RICHARD EVANS, LOBBY EDITOR

THE GOVERNMENT seems likely to lose its controversial Weights and Measures Bill because of growing opposition from Conservative MPs.

The Bill, published last week, proposes sweeping changes in the measurement of pre-packaged goods, replacing the current minimum content system with one based on average contents. That would move responsibility for enforcement from the retailer to the manufacturer.

But Conservatives argue that the legislation goes far beyond the requirements of the relevant European Community directive and would lead to the establishment of an unwieldy bureaucracy.

The directive confines itself to ensuring that member countries will accept goods packaged by average weight but leaves the use of Britain's traditional method optional. This would be closed by the legislation.

Another controversial aspect of the Bill was the requirement that the froth on the head of beer should not be counted part of the full measure of beer in a glass. This would have meant substituting the glasses now in use with larger glasses at considerable cost to the brewing industry.

In talks with Mr. Michael Foot, Lord President, and other ministers Conservative leaders warned that they would table a reasoned amendment to the Bill when it came before the Commons. As the Liberals and other minority parties would probably have voted with the Conservatives, the amendment would have been passed.

Ministers have therefore shelved the Bill pending further discussions. But without further fundamental drafting changes, the chances of its reaching the statute book in the present session appear slim.

Wardens' leader attacks Rees over pay arbitration refusal

BY ALAN PIKE, LABOUR CORRESPONDENT

MR. MERLYN REES, Home Secretary, was subjected to a bitter attack by a Civil Service Union leader yesterday after refusing to allow a dispute by London traffic warden to go to arbitration.

The Civil Service Union asked the Advisory, Conciliation and Arbitration Service on Monday to arrange arbitration in the long-running pay dispute by 1,300 London area traffic wardens. The union has now been told by the Metropolitan Police receiver's department that, after consultation with the Home Secretary, arbitration had been refused.

Mr. Les Moody, the union's general secretary, said last night that it was "almost beyond belief" that the Government should refuse to settle an industrial dispute by using the arbitration machinery which it had set up itself and encouraged other employers to use.

"The last notable occasion that an employer refused to co-operate with ACAS was in the Grunwick dispute. When the history of industrial relations in the 1970s comes to be written the name of Merlyn Rees will appear on the same page as George Ward."

The Government's action, said Mr. Moody, destroyed the credibility of its own arbitration machinery and the whole Parliamentary Labour Party should hang its head in shame.

The pay of traffic wardens is related to that of non-manual local authority workers. The wardens want it linked instead to that of non-industrial civil servants. They say that this change in comparison—which would be worth an extra 22p per hour—is justified by the status and conditions of their job.

The London wardens have been imposing sanctions in support of their claim. An emergency meeting of the union's traffic warden branch has been called for today to consider Mr. Rees's refusal to allow arbitration, and union officials say that this may decide to step up the action.

Employment of the wardens is a direct responsibility of the Metropolitan Police, but the Home Office confirmed yesterday that Mr. Rees had decided that arbitration was inappropriate. The Home Secretary, who apparently takes the view that the existing system of pay comparisons should be maintained, is expected to explain the Government's position in an answer to Parliamentary questions down for today.

UK TODAY

A TROUGH of low pressure will move slowly south while a showery westerly airstream will cover northern districts.

Wales and England, south of a line, Manchester to the Wash, will be cloudy and mild with rain at times, becoming clearer from the North as colder air spreads South.

Scotland and Northern England will have wintry showers and bright periods, the showers being fairly frequent in the West. There will be a frost in places at first and again later, and it will be rather cold.

Outlook: Most parts will be bright, but with a few wintry showers although cloud and rain may reach the North-West later. Rather cold with night frost.

From the London Weather Centre

BUSINESS CENTRES

	Y'day midday	°C	°F		Y'day midday	°C	°F
Amstdm.	R	13	55	Madrid	S	11	52
Athens	S	15	59	Manchstr.	C	12	54
Barcelona	C	15	59	Melbourne	C	15	59
Beirut	S	20	68	Mexico C.	S	23	73
Belfast	R	11	52	Milan	C	5	41
Belgrade	C	4	39	Montreal	C	−3	27
Berlin	C	12	54	Moscow	Sn	1	34
Brmghm.	C	12	54	Munich	C	6	43
Bristol	C	12	54	Newcastle	R	9	48
Brussels	C	12	54	New York	C	5	41
Budapest	F	2	36	Oslo	S	7	45
B. Aires	S	21	70	Paris	C	12	54
Cairo	S	23	73	Perth	S	20	68
Cardiff	F	13	55	Prague	C	8	46
Chicago	C	6	43	Reykjavik	F	−3	27
Cologne	C	12	54	Rome	S	15	59
Copnhagn.	S	6	43	Singapore	S	29	84
Dublin	C	14	57	Stockholm	S	6	43
Edinburgh	C	7	45	Strasbrg.	C	8	46
Frankfurt	C	9	48	Sydney	R	20	68
Geneva	C	7	45	Tehran	S	9	48
Glasgow	C	8	46	Tel Aviv	S	20	68
Helsinki	F	2	36	Tokyo	C	15	59
H. Kong	S	24	75	Toronto	R	3	38
Jo'burg	S	22	71	Vienna	C	11	52
Lisbon	S	14	57	Warsaw	C	11	52
London	F	14	57	Zurich	F	6	43
Luxembg.	C	9	48				

HOLIDAY RESORTS

	Y'day midday	°C	°F		Y'day midday	°C	°F
Ajaccio	F	17	63	Jersey	C	12	54
Algiers	S	20	68	Las Plms.	S	22	72
Biarritz	[illegible]	5	41	Locarno	S	9	48
Blackpool	R	12	54	Majorca	S	18	64
Bordeaux	C	[illegible]	[illegible]	Malaga	F	19	66
Boulogne	C	13	55	Malta	C	15	59
Casablanca	C	19	66	Nairobi	S	22	72
Cape Town	S	24	75	Naples	S	[illegible]	[illegible]
Corfu	S	17	63	Nice	S	17	63
Dubrovnik	S	17	63	Nicosia	S	20	68
Faro	S	18	64	Oporto	S	16	61
Florence	C	12	54	Rhodes	S	18	64
Funchal	F	20	68	Salzburg	S	[illegible]	[illegible]
Gibraltar	F	17	63	Tangier	S	21	70
Guernsey	C	12	54	Tenerife	S	21	70
Innsbruck	S	6	43	Tunis	F	16	61
Inverness	C	7	45	Valencia	S	[illegible]	[illegible]
Istanbul	C	17	63	Venice	S	10	50

S—Sunny, F—Fair, C—Cloudy, D—Drizzle, R—Rain, Sn—Snow.

Continued from Page 1

Callaghan sends envoy

London and Washington for failing to call a conference on the lines agreed in the Washington talks of October 20 between the Transitional Government and British and U.S. officials.

The only other comment came from Senator Chief Chirau, a member of the Executive Council.

He said he was delighted with the news. Chief Chirau has long been anxious to see an all-party conference on Rhodesia.

He was due to fly to London at the weekend in an effort to get the Government to take a new talks initiative. He might revise his travel plans, he said.

It is far from certain that a conference will be arranged, and even if it is, whether it would be successful.

Mr. Robert Mugabe is expected to adopt a tough attitude towards the talks, but Mr. Joshua Nkomo may be more responsive.

The Rhodesian strategy at any talks would be designed to split the guerrilla Patriotic Front, thereby inducing Mr. Nkomo to return to Rhodesia without Mr. Mugabe.

Continued from Page 1

Miners seek 40%

between surface and face-workers within the next few days. This will provide the basis for the levels sought for other underground workers.

As well as basic pay, the union is seeking special increases for first-line underground supervisors and for working in difficult conditions underground. It is also seeking the establishment of "washing and bathing" pay, money for the time spent preparing for, and cleaning up after, going underground.

It wants protection for the earnings of older workers at the highest levels of pay they achieve before leaving face work.

Mr. Gormley said: "This is the only industry where a man gets top rate, and falls from it when he gets older."

The union hopes to receive a reply to its claim within the next two to three weeks, but negotiations are unlikely to begin in earnest until after Christmas.

Mr. Gormley replied to charges that miners were already at the top of the wages scale by saying that earnings could not be based on the money from incentive bonus schemes.

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